

CITY OF MANCHESTER, TENNESSEE

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDING JUNE 30, 2023

Matlock Clements

Certified Public Accountants

INTRODUCTORY SECTION

City of Manchester, TN
Annual Financial Report
For the Year Ended June 30, 2023

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**SCHEDULE OF ELECTED AND APPOINTED OFFICIALS
CITY OF MANCHESTER, TENNESSEE
JUNE 30, 2023**

ELECTED OFFICIALS

Board of Mayor and Aldermen

Marilyn Howard, Mayor	Mark Messick, Vice Mayor
Donnie Parsley, Alderman	Ryan French, Alderman
Bob Bellamy, Alderman	Joey Hobbs, Alderman
Julie Anderson, Alderman	

Manchester City School Board

Travis Hillis, Chairman	Susan Parsley, Member
Lisa Gregory, Member	Dr. Prater Powell, Member
Lee Sullivan, Member	

APPOINTED OFFICIALS

Lisa Myers, Finance Director

Bill Sipe, Chief of Police

George Chambers, Fire Chief

Bryan Pennington, Director of Water and Sewer

AJ Fox, Director of Parks & Recreation

George Gannon, Director of Public Works

Brittany Fiske, Director of Building and Codes

Joey Vaughn, Director of Schools

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Manchester, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Manchester, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit, The Public Building Authority of the City of Manchester, whose financial statements reflect total assets of \$176,258 and total revenues of \$1,146,177. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Internal School Fund are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Manchester, Tennessee and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Manchester, Tennessee's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Eric Clements, CPA, CFE • Andy Matlock, C

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Manchester, Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Manchester, Tennessee's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension data, and post-employment benefit data on pages 9 through 15 and 73 through 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manchester, Tennessee's basic financial statements. The accompanying combining and individual fund financial statements and schedules and financial schedules as listed in the supplemental section of the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the schedule of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors.

In our opinion based on our audit and the report of the other auditors, the combining and individual fund financial statements and schedules and financial schedules as listed in the supplemental section of the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and financial sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024, on our consideration of the City of Manchester, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Manchester, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Manchester, Tennessee's internal control over financial reporting and compliance.



Matlock Clements, P.C.
Murfreesboro, Tennessee
November 12, 2024

CITY OF MANCHESTER, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

As management of the City of Manchester, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

Financial Highlights:

- The assets of the City of Manchester exceeded its liabilities at the close of the most recent year by \$73,856,735. Of this amount, \$33,903,118 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City is working on several large construction projects of which portions are funding by grants awarded to the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,017,970.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Manchester's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Manchester include general government,

CITY OF MANCHESTER, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

public works, public safety, and public welfare, recreation and schools. The business-type activities of the City includes water and sewer services.

Fund Financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Manchester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may be better to understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for all four funds.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund, General Purpose School Fund, Debt Service Fund and Special Revenue Funds to demonstrate compliance with the appropriation.

Proprietary Funds – The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented in the business-type activities in the governmental-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for Water and Sewer operations, which is considered to be a major fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**CITY OF MANCHESTER, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Financial Analysis of the Financial Statements

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Manchester, Tennessee, assets exceeded liabilities by \$73,856,735 at the close of this fiscal year, compared to \$65,409,940 in the prior year.

The largest portion of the City's net position (40%), reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Manchester, Tennessee's net position (14%) represents the resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Manchester, Tennessee is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its' business-type activities. The component unit of the City reported a negative ending net position of (\$28,139).

Significant Budget Variations (General Fund)

Significant variances between the budget and actual results of the General fund included an overage of \$814,440 in the local tax projections and unspent capital outlay in various departments.

Currently Known Facts, Decisions, or Conditions

Anticipated differences in the next fiscal year are: increases in revenues of the water sewer fund due to an increase in rates, increases in general fund revenues due to increased growth in the area.

**CITY OF MANCHESTER, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

City of Manchester, Tennessee Net Position

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Current assets	\$ 39,639,085	\$ 42,040,868	\$ 16,523,443	\$ 15,670,060
Capital assets, net	35,870,609	35,009,884	32,399,217	32,842,722
Total Assets	75,509,694	77,050,752	48,922,660	48,512,782
Deferred outflows	5,653,919	6,189,845	261,245	150,497
Total Deferred Outflows	5,653,919	6,189,845	261,245	150,497
Current and other liabilities	7,233,093	7,324,340	6,309,045	4,819,481
Long-term liabilities	17,134,613	17,350,565	16,675,000	18,565,000
Total Liabilities	24,367,706	24,674,905	22,984,045	23,384,481
Deferred inflows of resources	8,664,459	16,623,965	474,573	609,697
Deferred Inflows of Resources	8,664,459	16,623,965	474,573	609,697
Net Investment in Capital Assets	16,265,405	17,836,079	13,430,646	11,989,354
Restricted	10,000,469	13,327,892	257,097	99,808
Unrestricted	21,865,574	10,777,756	12,037,544	12,579,939
Total Net Position	\$ 48,131,448	\$ 41,941,727	\$ 25,725,287	\$ 24,669,101

Changes in net position. Governmental activities increased the City's net position by \$7,390,609. Business-type activities net position decreased by \$1,056,186.

**CITY OF MANCHESTER, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

City of Manchester, Tennessee Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program Revenues				
Charges for services	\$ 2,854,140	\$ 2,632,408	6,933,751	6,660,266
Grants and contributions	15,498,023	12,407,638	275,733	17,400
General Revenues				
Taxes	22,367,179	20,925,234	-	-
Other revenues	1,648,462	1,110,905	166,325	56,942
Investment earnings	65,246	21,433	67,589	12,551
Total Revenues	<u>42,433,050</u>	<u>37,097,618</u>	<u>7,443,398</u>	<u>6,747,159</u>
Expenses				
General government	1,664,346	1,812,752	-	-
Public safety	5,761,090	5,985,788	-	-
Public Works	2,568,738	3,090,152	-	-
Health, Welfare, & Recreation	2,963,312	2,652,135	-	-
Economic developemtn	68,610	67,502	-	-
Education	20,809,247	13,042,540	-	-
Capital Outlay	646,821	-	-	-
Debt Service	560,277	1,623,513	-	-
Water and Sewer	-	-	6,387,212	6,717,047
Total Expenses	<u>35,042,441</u>	<u>28,274,382</u>	<u>6,387,212</u>	<u>6,717,047</u>
Change in net position	7,390,609	8,823,236	1,056,186	30,112
Net position, beginning, restated	40,740,839	33,118,491	24,669,101	24,638,989
Net position, ending	\$ 48,131,448	\$ 41,941,727	\$ 25,725,287	\$ 24,669,101

Significant variances in Governmental Activities revenues and expenditures from that of the prior year were as follows:

- The overall revenues increased by \$5,335,432, while expenditures increased by \$6,768,059.

Significant variances in Business-Type Activities revenues and expenditures from that of the prior year were as follows:

- The overall revenues increased by \$696,239, while expenditures decreased by \$329,835.

Business-type Activities

**CITY OF MANCHESTER, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Business-type activities accounted for revenue of \$7,443,398.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Manchester's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,017,970, an increase of \$4,069,053 in comparison with the prior year. Approximately \$12,419,491 (41%) of this balance is unassigned. This amount is available for spending at the government's discretion. The remainder of the fund balance is nonspendable, committed or assigned for specific purposes.

The general fund is the chief operation fund of the City of Manchester, Tennessee. Due to the compliance of GASB 54, the general fund recognizes "unassigned" fund balance instead of "unreserved" fund balance. At the end of this fiscal year, this amount is \$12,419,491. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 122.76% of total general fund expenditures.

Proprietary fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Assets at the end of the year for the Water and Sewer Fund amounted to \$12,037,544.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Manchester, Tennessee's business-type activities.

Capital Assets

The City of Manchester's investment in capital assets from its governmental and business-type activities at June 30, 2023 amounts to \$56,804,793 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvement, machinery and equipment, park facilities, roads, highways, and bridges.

**CITY OF MANCHESTER, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

City of Manchester, Tennessee's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	4,522,077	4,522,077	210,937	210,937	4,733,014	4,733,014
Buildings and improvements	31,964,912	28,106,706	398,600	398,600	32,363,512	28,505,306
Furniture, machinery, and equipment	8,971,025	8,738,332	1,889,060	1,632,782	10,860,085	10,371,114
Construction in progress	5,640,458	7,363,355	5,824,575	4,856,105	11,465,033	12,219,460
Infrastructure	29,908,720	29,437,273	54,718,334	54,718,334	84,627,054	84,155,607
Accumulated Depreciation	(45,136,583)	(43,463,701)	(30,642,289)	(29,072,040)	(75,778,872)	(72,535,741)
Total capital Assets	\$ 35,870,609	\$ 34,704,042	\$ 32,399,217	\$ 32,744,718	\$ 56,804,793	\$ 67,448,760

Additional information on the City of Manchester's capital assets can be found in the notes to the financial statements section of this report.

Long-term Debt

At the end of the current year, excluding premiums and discounts, the City of Manchester had debt outstanding of \$36,667,709. Of this amount, \$2,858,096 is due in the next fiscal year.

City of Manchester, Tennessee Outstanding Debt

	Governmental	Business-Type	Total
	Activities	Activities	
Principal due in the next fiscal year	\$968,096	\$1,890,000	\$2,858,096

The City of Manchester has a combined total debt in the amount of \$36,667,709 outstanding during the current fiscal year, a decrease of \$1,987,856 from the prior year. The bonded debt is secured solely by specified revenue sources (i.e. revenue bonds).

Additional information on the City of Manchester's debt can be found in the notes to the financial statements section of this report.

Requests for Information

This financial report is designed to provide a general overview of the City of Manchester, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 200 West Fort Street, Manchester, TN 37355.

BASIC FINANCIAL STATEMENTS

City of Manchester, Tennessee
Statement of Net Position
June 30, 2023

	<u>Primary Government</u>			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Investment in pooled cash	\$ 26,317,217	\$ 4,173,828	\$ 30,491,045	\$ 23,280
Cash	410,287	4,665,735	5,076,022	-
Restricted assets - cash	189,132	-	189,132	-
Receivables				
Property taxes , net	5,645,411	-	5,645,411	-
Customers , net	-	513,420	513,420	-
Other	399,902	-	399,902	56,325
Due from Other Governments	3,393,479	-	3,393,479	-
Other assets	-	-	-	331
Unbilled Water and Sewer	-	144,539	144,539	-
Notes receivable - DRUC	-	6,675,000	6,675,000	-
Inventories	135,924	283,867	419,791	15,421
Capital assets, not being depreciated	10,162,535	6,035,512	16,198,047	-
Capital assets, being depreciated, net	25,708,074	26,363,705	52,071,779	79,680
TCRS Stabilization Reserve Trust	87,533	-	87,533	-
Net Pension Asset	3,060,200	67,054	3,127,254	1,221
Total Assets	<u>\$ 75,509,694</u>	<u>\$ 48,922,660</u>	<u>\$ 124,432,354</u>	<u>\$ 176,258</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Related to Pensions	\$ 4,160,311	\$ 261,245	\$ 4,421,556	\$ 27,296
Deferred Outflows Related to OPEB	1,493,608	-	1,493,608	-
Total Deferred Outflows of Resources	<u>\$ 5,653,919</u>	<u>\$ 261,245</u>	<u>\$ 5,915,164</u>	<u>\$ 27,296</u>
LIABILITIES				
Accounts Payable	\$ 321,453	\$ 173,656	\$ 495,109	\$ 112,756
Accrued Payroll	511,986	37,687	549,673	-
Accrued Interest Payable	39,522	19,559	59,081	-
Other Payables	147,691	260,569	408,260	100,000
Internal Balances	(130,905)	130,905	-	-
Due to Other Governments	2,153	21,723	23,876	-
Customer Deposits	-	453,868	453,868	-
Unearned Revenues	65,221	3,029,475	3,094,696	-
Compensated absences	2,250,068	291,603	2,541,671	-
Due Within One Year	968,096	1,890,000	2,858,096	-
Due in More Than One Year	17,134,613	16,675,000	33,809,613	-
Total OPEB Liability	3,057,808	-	3,057,808	-
Total Liabilities	<u>\$ 24,367,706</u>	<u>\$ 22,984,045</u>	<u>\$ 47,351,751</u>	<u>\$ 212,756</u>
DEFERRED INFLOWS OF RESOURCES				
Assessed & Unlevied Property Taxes	\$ 5,352,946	\$ -	\$ 5,352,946	\$ -
Deferred Inflows Related to debt	1,502,495	403,371	1,905,866	-
Deferred Inflows Related to Pensions	1,037,852	71,202	1,109,054	18,937
Deferred Inflows Related to OPEB	771,166	-	771,166	-
Total Deferred Inflows of Resources	<u>\$ 8,664,459</u>	<u>\$ 474,573</u>	<u>\$ 9,139,032</u>	<u>\$ 18,937</u>
NET POSITION				
Net Investment in Capital Assets	\$ 16,265,405	\$ 13,430,646	\$ 29,696,051	\$ 79,680
Restricted for:				
Pensions	6,182,659	257,097	6,439,756	1,221
TCRS Stabilization Reserve Trust	87,533	-	87,533	-
Drug Control and Investigation	376,203	-	376,203	-
Education	3,354,074	-	3,354,074	-
Unrestricted	21,865,574	12,037,544	33,903,118	(109,040)
Total Net Position	<u>\$ 48,131,448</u>	<u>\$ 25,725,287</u>	<u>\$ 73,856,735</u>	<u>\$ (28,139)</u>

City of Manchester, Tennessee
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,664,346	\$ 203,237	\$ -	\$ 57,600	\$ (1,403,509)	\$ -	\$ (1,403,509)	
Public Safety	\$ 5,761,090	22,459	169,882	-	(5,568,749)	-	(5,568,749)	
Public Works	\$ 2,568,738	1,413,339	424,438	62,039	(668,922)	-	(668,922)	
Health, welfare, and recreation	\$ 2,963,312	974,531	2,095	-	(1,986,686)	-	(1,986,686)	
Economic development and assistance	\$ 68,610	-	-	6,885	(61,725)	-	(61,725)	
Education	\$ 20,809,247	240,574	14,775,084	-	(5,793,589)	-	(5,793,589)	
Capital Outlay	\$ 646,821	-	-	-	(646,821)	-	(646,821)	
Debt Service	\$ 560,277	-	-	-	(560,277)	-	(560,277)	
Total Governmental Activities	35,042,441	2,854,140	15,371,499	126,524	(16,690,278)	-	(16,690,278)	
Business-type Activities:								
Water and Sewer	6,387,212	6,933,751	17,400	258,333		822,272	822,272	
Total Primary Government	\$ 41,429,653	\$ 9,787,891	\$ 15,388,899	\$ 384,857	(16,690,278)	822,272	(15,868,006)	
Component Unit:								
The Public Building Authority of Manchester, Tennessee	\$ 1,182,973	\$ 691,873		\$ 11,000				\$ (480,100)
General revenues:								
Property taxes					8,230,726	-	8,230,726	-
Interest and penalty					61,437	-	61,437	-
In-lieu of tax					254,755	-	254,755	-
Licenses and Permits					346,205	-	346,205	-
Local option sales tax					9,269,201	-	9,269,201	-
Wholesale liquor and beer tax					960,294	-	960,294	-
Business and cable TV taxes					1,589,493	-	1,589,493	-
Intergovernmental revenues:								
State sales tax					1,469,806	-	1,469,806	-
Other state revenue					531,467	-	531,467	-
Other revenue					798,975	127,676	926,651	443,256
Investment earnings and rental income					65,246	38,649	103,895	48
Gain (loss) on sale of capital assets					503,282	67,589	570,871	-
Total general revenues					24,080,887	233,914	24,314,801	443,304
Change in net position					7,390,609	1,056,186	8,446,795	(36,796)
Net position - beginning, as originally reported					41,941,727	24,669,101	66,610,828	8,657
Prior period adjustment (Note 12)					(1,200,888)		(1,200,888)	-
Net position - beginning, as restated					40,740,839	24,669,101	65,409,940	8,657
Net position - ending					\$ 48,131,448	\$ 25,725,287	\$ 73,856,735	\$ (28,139)

See notes to the financial statements.

City of Manchester, Tennessee
Balance Sheet
Governmental Funds
June 30, 2023

	General	General Purpose School	Debt Service	Other Governmental Funds	Total
ASSETS					
Investment in pooled cash	\$ 9,903,416	\$ 7,345,139	\$ 3,046,004	\$ 6,022,658	\$ 26,317,217
Cash	-	-	-	410,287	410,287
Receivables					
Property taxes , net	5,643,316	-	-	2,095	5,645,411
Other	302,151	-	-	97,751	399,902
Due from other governments	2,278,588	941,937	-	172,954	3,393,479
Due from other funds	120,049	-	-	86,388	206,437
Inventory	118,663	-	-	17,261	135,924
TCRS Stabilization Reserve Trust	-	87,533	-	-	87,533
Restricted cash and cash equivalents	189,132	-	-	-	189,132
Total Assets	<u>\$ 18,555,315</u>	<u>\$ 8,374,609</u>	<u>\$ 3,046,004</u>	<u>\$ 6,809,394</u>	<u>\$ 36,785,322</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 170,493	\$ 8,790	\$ -	\$ 142,170	\$ 321,453
Accrued payroll	200,848	224,113	-	87,025	511,986
Other payables	351	63,887	-	36,953	101,191
Judgement payable	-	-	-	46,500	46,500
Due to other governments	2,153	-	-	-	2,153
Due to other funds	-	37,266	-	38,266	75,532
Unearned Revenues	-	-	-	65,221	65,221
Total Liabilities	<u>\$ 373,845</u>	<u>\$ 334,056</u>	<u>\$ -</u>	<u>\$ 416,135</u>	<u>\$ 1,124,036</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 5,643,316	\$ -	\$ -	\$ -	\$ 5,643,316
Total Deferred Inflows of Resources	<u>\$ 5,643,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,643,316</u>
FUND BALANCES					
Nonspendable	\$ 118,663	\$ -	\$ -	\$ 17,261	\$ 135,924
Restricted for:					
General purpose school	-	1,920,654	-	-	1,920,654
Internal school fund	-	-	-	260,870	260,870
School federal projects	-	-	-	134,049	134,049
Central cafeteria	-	-	-	1,038,501	1,038,501
Drug control and investigation	-	-	-	376,203	376,203
Assigned for:					
General purpose school	-	6,119,899	-	-	6,119,899
Debt service	-	-	3,046,004	-	3,046,004
Recreation	-	-	-	2,448,591	2,448,591
Tourism and community development	-	-	-	434,700	434,700
Sanitation	-	-	-	824,927	824,927
Capital equipment replacement	-	-	-	857,680	857,680
Education capital projects	-	-	-	477	477
Unassigned	12,419,491	-	-	-	12,419,491
Total fund balances	<u>\$ 12,538,154</u>	<u>\$ 8,040,553</u>	<u>\$ 3,046,004</u>	<u>\$ 6,393,259</u>	<u>\$ 30,017,970</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,555,315</u>	<u>\$ 8,374,609</u>	<u>\$ 3,046,004</u>	<u>\$ 6,809,394</u>	<u>\$ 36,785,322</u>

See notes to the financial statements.

City of Manchester, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - balance sheet - governmental funds		\$ 30,017,970
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Capital assets, not being depreciated	\$ 10,162,535	
Capital assets, being depreciated, net	<u>25,708,074</u>	35,870,609
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Accrued Interest Payable	(39,522)	
Accrued Vacation and Sick Leave	(2,250,068)	
Due Within One Year	(968,096)	
Due in More than One Year	<u>(17,134,613)</u>	(20,392,299.00)
Amounts reported as deferred outflows of resources and deferred inflows of resources		
Deferred outflows of resources related to OPEB	1,493,608	
Deferred outflows of resources related to pensions	4,160,311	
Deferred inflows of resources related to OPEB	(771,166)	
Deferred inflows of resources related to pensions	(1,037,852)	
Deferred inflows of resources related to debt	<u>(1,502,495)</u>	2,342,406.00
Total OPEB liabilities of the city agent plan are not current financial uses and are therefore not reported in the governmental funds		(3,057,808)
Net pension assets of the city agent plan are not current financial uses and are therefore not reported in the governmental funds		3,060,200
Other long-term liabilities that are not available for current period revenues and, therefore, are either deferred or not reported		<u>290,370</u>
Net position of governmental activities		<u>\$ 48,131,448</u>

See notes to the financial statements.

City of Manchester, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
June 30, 2023

	General	General Purpose School	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues-					
Local Taxes	\$ 13,695,440	\$ -	\$ -	\$ 386,022	\$ 14,081,462
Licenses and permits	358,605	-	-	-	358,605
Charges for services	42,264	41,767	-	2,586,677	2,670,708
Fines and forfeitures	160,973	-	-	22,459	183,432
Other local revenues	52,925	29,262	-	265,997	348,184
Intergovernmental	2,635,336	5,867,081	-	-	8,502,417
Federal and State Grants	289,521	10,499,547	-	4,284,517	15,073,585
Investment earnings	101	8,568	54,785	1,792	65,246
Miscellaneous and contribution income	182,187	41,549	-	43,058	266,794
Total Revenues	\$ 17,417,352	\$ 16,487,774	\$ 54,785	\$ 7,590,522	\$ 41,550,433
Expenditures-					
General Government	\$ 1,910,460	\$ -	\$ -	\$ -	\$ 1,910,460
Public Safety	5,520,493	-	-	163,121	5,683,614
Public Works	1,479,462	-	-	1,492,018	2,971,480
Health, welfare, and recreation	559,454	-	-	2,184,897	2,744,351
Economic development and assistance	-	-	-	68,610	68,610
Education	-	17,865,463	-	4,662,908	22,528,371
Capital Outlay	646,821	-	-	-	646,821
Debt Service	-	-	1,697,139	-	1,697,139
Total Expenditures	\$ 10,116,690	\$ 17,865,463	\$ 1,697,139	\$ 8,571,554	\$ 38,250,846
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,300,662	(1,377,689)	(1,642,354)	(981,032)	3,299,587
Other Financing Sources (Uses)					
Lease Proceeds	\$ -	\$ -	\$ 56,000	\$ -	\$ 56,000
Insurance recoveries	16,521	1,948	-	191,715	210,184
Sale of Capital Assets	472,150	-	-	31,132	503,282
Transfers in (out)	(6,151,063)	1,713,177	1,742,602	2,695,284	-
Total Other Financing Sources (Uses)	\$ (5,662,392)	\$ 1,715,125	\$ 1,798,602	\$ 2,918,131	\$ 769,466
NET CHANGE IN FUND BALANCES	\$ 1,638,270	\$ 337,436	\$ 156,248	\$ 1,937,099	\$ 4,069,053
FUND BALANCES - BEGINNING	10,899,884	7,186,695	2,889,756	4,379,524	25,355,859
Prior period adjustment (Note 12)		516,422		76,636	593,058
Fund Balances - beginning as restated	10,899,884	7,703,117	2,889,756	4,456,160	25,948,917
FUND BALANCES - ENDING	\$ 12,538,154	\$ 8,040,553	\$ 3,046,004	\$ 6,393,259	\$ 30,017,970

See notes to the financial statements.

City of Manchester, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 4,069,053

Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expenses. The difference between capital outlays and depreciation is itemized as follows:

Add: capital assets purchased in the current period	\$ 711,757	
Add: CIP additions in the current period	2,135,309	
Less: current-year depreciation expense	(1,677,960)	1,169,106

The issuance of long-term debt (e.g. bonds, notes, capitalized leases and other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar item when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.

Add: change in premium/discounts	\$ 194,872	
Add: principal payment on long-term debt	937,856	\$ 1,132,728

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

\$ 113,151

Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.

Less: Change in compensated absences	\$ (77,844)	
Add: Change in other post employment benefits	481,507	403,663

Interest is accrued on the outstanding bonds in the statement of activities, whereas in the governmental funds, an interest expenditure is reported when due.

\$ 4,134

Net change in pension assets/liabilities and expenditures that are deferred or capitalized for the statement of activities.

498,774

Change in net position of governmental activities

\$ 7,390,609

See notes to the financial statements.

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Local Taxes	12,331,000	12,881,000	13,695,440	814,440
Licenses and permits	195,000	345,000	358,605	13,605
Charges for services	38,000	38,000	42,264	4,264
Fines and forfeitures	181,600	181,600	160,973	(20,627)
Other local revenues	25,400	25,400	52,925	27,525
Intergovernmental	1,950,700	2,145,799	2,635,336	489,537
Federal and state grants	547,228	547,318	289,521	(257,797)
Investment earnings	-	-	101	101
Miscellaneous and contribution income	105,000	105,000	182,187	77,187
Total Revenues	15,373,928	16,269,117	17,417,352	1,148,235
EXPENDITURES				
<u>General Government</u>				
City Court				
Contractual services	12,000	12,000	12,000	-
	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Mayor and Alderman				
Personnel expenditures	123,450	112,345	100,175	12,170
Contractual services	218,421	232,421	209,044	23,377
Supplies	6,000	6,000	1,584	4,416
Fixed charges	1,500	1,500	-	1,500
	<u>349,371</u>	<u>352,266</u>	<u>310,803</u>	<u>41,463</u>
Financial Administration				
Personnel expenditures	402,800	416,210	359,469	56,741
Contractual services	109,450	114,750	106,948	7,802
Supplies	16,800	14,500	61,608	(47,108)
Fixed charges	1,500	1,500	689	811
	<u>530,550</u>	<u>546,960</u>	<u>528,714</u>	<u>18,246</u>
Information Systems				
Personnel expenditures	93,873	98,011	100,863	(2,852)
Contractual services	63,600	63,600	46,982	16,618
Supplies	6,000	6,000	2,466	3,534
Fixed charges	50	50	-	50
Capital Outlay	15,000	15,000	10,047	4,953
	<u>178,523</u>	<u>182,661</u>	<u>160,358</u>	<u>22,303</u>

See notes to the financial statements.

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Planning and Zoning				
Personnel expenditures	265,325	276,712	270,909	5,803
Contractual services	51,700	51,700	36,557	15,143
Supplies	11,800	11,800	6,686	5,114
Fixed charges	3,000	3,000	1,899	1,101
	331,825	343,212	316,051	27,161
General Government and Buildings				
Personnel expenditures	55,000	55,000	2,147	52,853
Contractual services	301,000	301,000	216,474	84,526
Supplies	6,500	6,500	2,678	3,822
Fixed charges	450,500	450,500	276,030	174,470
Capital Outlay	435,878	435,878	52,661	383,217
	1,248,878	1,248,878	549,990	698,888
Economic Development Board				
Personnel expenditures	91,500	100,000	94,712	5,288
Contractual services	22,500	14,000	540	13,460
	114,000	114,000	95,252	18,748
Total General Government	2,765,147	2,799,977	1,973,168	826,809
Public Safety				
Police Department				
Personnel expenditures	2,739,100	2,864,281	2,780,949	83,332
Contractual services	92,300	118,548	98,515	20,033
Supplies	170,950	190,950	169,464	21,486
Fixed charges	1,800	1,800	189	1,611
Capital Outlay	18,000	20,000	31,179	(11,179)
	3,022,150	3,195,579	3,080,296	115,283
Fire Department				
Personnel expenditures	2,142,900	2,234,726	2,218,080	16,646
Contractual services	74,940	96,900	113,783	(16,883)
Supplies	140,300	162,300	126,276	36,024
Fixed charges	14,000	14,000	13,237	763
	2,372,140	2,507,926	2,471,376	36,550
Total Public Safety	5,394,290	5,703,505	5,551,672	151,833

See notes to the financial statements.

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Public Works				
Public Works Department				
Personnel expenditures	1,270,690	1,321,337	1,014,258	307,079
Contractual services	416,400	402,588	274,377	128,211
Supplies	211,000	223,000	164,268	58,732
Building Materials	90,000	90,000	26,276	63,724
Fixed charges	2,000	2,000	283	1,717
Capital Outlay	1,005,000	1,010,000	552,934	457,066
	<u>2,995,090</u>	<u>3,048,925</u>	<u>2,032,396</u>	<u>1,016,529</u>
Total Public Works	<u><u>2,995,090</u></u>	<u><u>3,048,925</u></u>	<u><u>2,032,396</u></u>	<u><u>1,016,529</u></u>
Health, Welfare, and Recreation				
Contributions to other agencies	559,454	559,454	559,454	-
	<u>559,454</u>	<u>559,454</u>	<u>559,454</u>	<u>-</u>
Total Health, Welfare, and Recreation	<u><u>559,454</u></u>	<u><u>559,454</u></u>	<u><u>559,454</u></u>	<u><u>-</u></u>
Total Expenditures	<u><u>11,713,981</u></u>	<u><u>12,111,861</u></u>	<u><u>10,116,690</u></u>	<u><u>1,995,171</u></u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,373,928	16,269,117	7,300,662	1,148,235
Other Financing Sources (Uses)				
Insurance recoveries	-	-	16,521	(16,521)
Sale of Capital Assets	-	-	472,150	(472,150)
Transfers in (out)	(5,408,317)	(6,164,753)	(6,151,063)	(13,690)
Total Other Financing Sources (Uses)	<u>(5,408,317)</u>	<u>(6,164,753)</u>	<u>(5,662,392)</u>	<u>(502,361)</u>
Net change in fund balances	<u>\$ 9,965,611</u>	<u>\$ 10,104,364</u>	1,638,270	<u>\$ 645,874</u>
Fund Balances - beginning			<u>10,899,884</u>	
Fund Balances - end			<u><u>\$ 12,538,154</u></u>	

See notes to the financial statements.

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Purpose School Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	38,857	38,857	41,767	2,910
Other local revenues	20,000	25,500	29,262	3,762
Intergovernmental	4,218,360	4,218,360	5,867,081	1,648,721
Federal and state grants	8,916,940	10,395,902	10,499,547	103,645
Investment earnings	4,000	4,000	8,568	4,568
Miscellaneous and contribution income	5,000	34,857	41,549	6,692
Total Revenues	13,203,157	14,717,476	16,487,774	1,770,298
EXPENDITURES				
<u>Instruction</u>				
Regular Instruction	8,128,010	8,837,062	8,216,896	620,166
Alternative Instruction	27,950	40,650	40,332	318
Special education	1,623,717	1,640,717	1,547,548	93,169
Student body education	2,000	2,000	1,660	340
<u>Support Services</u>				
Attendance	134,618	161,307	133,081	28,226
Health services	266,107	277,207	270,574	6,633
Other student support	335,108	341,118	264,025	77,093
Regular Instruction	371,012	438,184	349,145	89,039
Special education	291,167	295,167	238,113	57,054
Technology	634,732	641,732	548,024	93,708
Board of education	314,886	320,886	301,399	19,487
Office of the superintendent	277,056	299,356	292,272	7,084
Office of the principal	783,138	845,703	767,082	78,621
Fiscal services	369,467	382,487	356,245	26,242
Operation of plant	1,039,400	1,039,730	968,000	71,730
Maintenance of plant	527,456	533,416	393,150	140,266
Transportation	49,353	66,763	57,748	9,015
<u>Operation of Non-instructional Services</u>				
Community services	80,580	1,175,273	911,871	263,402
Early childhood education	306,491	306,491	300,124	6,367
Regular indirect cost	-	18,320	18,320	-
<u>Debt Service</u>				
Principal	47,424	47,424	47,424	-
Interest	2,976	2,976	2,976	-
Capital Outlay	-	1,910,942	1,839,454	71,488
Total Expenditures	15,612,648	19,624,911	17,865,463	1,759,448
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,409,491)	(4,907,435)	(1,377,689)	10,850

See notes to the financial statements.

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Purpose School Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Other Financing Sources (Uses)				
Insurance recoveries	500	500	1,948	(1,448)
Transfers in (out)	1,724,967	1,724,967	1,713,177	11,790
Total Other Financing Sources (Uses)	<u>1,725,467</u>	<u>1,725,467</u>	<u>1,715,125</u>	<u>10,342</u>
Net change in fund balances	<u>\$ (684,024)</u>	<u>\$ (3,181,968)</u>	337,436	<u>\$ 21,192</u>
Fund Balances - beginning			<u>7,186,695</u>	
Prior period adjustment (Note 12)			<u>516,422</u>	
Fund Balances - beginning as restated			<u>7,703,117</u>	
Fund Balances - end			<u>\$ 8,040,553</u>	

See notes to the financial statements.

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	20,000	20,000	54,785	34,785
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>54,785</u>	<u>34,785</u>
EXPENDITURES				
Debt Service	1,760,050	1,760,050	1,697,139	62,911
Total Expenditures	<u>1,760,050</u>	<u>1,760,050</u>	<u>1,697,139</u>	<u>62,911</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,740,050)	(1,740,050)	(1,642,354)	(28,126)
Other Financing Sources (Uses)				
Lease Proceeds	23,500	23,500	56,000	(32,500)
Transfers in (out)	1,757,550	1,757,550	1,742,602	14,948
Total Other Financing Sources (Uses)	<u>1,781,050</u>	<u>1,781,050</u>	<u>1,798,602</u>	<u>(17,552)</u>
Net change in fund balances	<u>\$ 41,000</u>	<u>\$ 41,000</u>	156,248	<u>\$ (45,678)</u>
Fund Balances - beginning			<u>2,889,756</u>	
Fund Balances - end			<u>\$ 3,046,004</u>	

See notes to the financial statements.

City of Manchester, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2023

	Water and Sewer Department
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 4,665,735
Investment in pooled cash	4,173,828
Accounts receivable - net	513,420
Unbilled Revenues	144,539
Notes receivable - current portion	430,000
Inventories	283,867
Total Current Assets	10,211,389
Non-current Assets:	
Notes receivable - long term portion	6,245,000
Net pension assets	67,054
Capital assets, not being depreciated	6,035,512
Capital assets, being depreciated, net	26,363,705
Total noncurrent assets	38,711,271
Total Assets	\$ 48,922,660
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension	\$ 261,245
Total Deferred Outflows of Resources	\$ 261,245
Total Assets and Deferred Outflows of Resources	\$ 49,183,905
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 173,656
Accrued payroll and payroll liabilities	37,687
Due to Other Funds	130,905
Due to Other Governments	21,723
Accrued interest payable	19,559
Retainage payable	153,546
Deferred revenue	3,029,475
Other current liabilities	107,023
Revenue bonds payable - current	1,890,000
Total Current Liabilities	5,563,574
Non-current Liabilities:	
Customer deposits	453,868
Compensated absences	291,603
Revenue bonds payable	16,675,000
Total noncurrent liabilities	17,420,471
Total Liabilities	\$ 22,984,045
DEFERRED INFLOWS OF RESOURCES	
Related to pension	\$ 71,202
Related to debt	403,371
Total Deferred Inflows of Resources	\$ 474,573
NET POSITION	
Net investment in capital assets	\$ 13,430,646
Related to pension	257,097
Unrestricted	12,037,544
Total Net Position	\$ 25,725,287
Total Liabilities, Deferred inflows of Resources and Net Position	\$ 49,183,905

The accompanying notes are an integral part of the financial statements.

City of Manchester, Tennessee
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2023

	<u>Water and Sewer Department</u>
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	\$ 6,518,375
Forfeited discounts	99,056
Connection and other fees	316,320
Miscellaneous water revenues	77,503
Federal and state grants	258,333
Other operating revenue	26,366
Total Operating Revenues	<u>7,295,953</u>
OPERATING EXPENSES	
Transmission and distribution	1,355,339
Customer accounting and collection	344,525
Sewer treatment and disposal	763,778
Shop and maintenance	2,094,474
Depreciation	1,625,932
Total Operating Expenses	<u><u>6,184,048</u></u>
Operating income (loss)	1,111,905
NON-OPERATING REVENUES (EXPENSES)	
Interest	38,649
Industrial park contribution	17,400
Insurance recoveries	23,807
Sale of capital assets	67,589
Bond interest and fiscal charges	(203,164)
Total Non-operating Revenues (Expenses)	<u>(55,719)</u>
Changes in net position	1,056,186
Net Position - beginning	<u>24,669,101</u>
Net Position - end	<u><u>\$ 25,725,287</u></u>

The accompanying notes are an integral part of the financial statements.

City of Manchester, Tennessee
Statement of Cash flows
Proprietary Fund
Year Ended June 30, 2023

	Water and Sewer Department
Cash Flows from Operating Activities	
Receipts from customers	\$ 7,295,953
Payments to employees	(1,818,744)
Payments to suppliers	(3,015,890)
Net cash provided (used) by operating activities	2,461,319
Cash Flows from Noncapital and Related Financing Activities	
Operating grants	1,133,580
Net cash provided (used) by noncapital and related financing activities	1,133,580
Cash Flows from Capital and Related Financing Activities	
Acquisitions of capital assets	(312,078)
Interest paid on capital debt	(203,164)
Principal paid on capital debt	(1,850,000)
Net cash provided (used) by capital and related financing activities	(2,365,242)
Cash Flows from Investing Activities	
Interest earned	38,649
Other nonoperating revenues	159,570
Net cash provided (used) by investing activities	198,219
Net increase (decrease) in cash	1,427,876
Cash - beginning	7,411,687
Cash - end	\$ 8,839,563
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ 1,111,905
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	1,625,932
(Increase) decrease in accounts receivable	(87,313)
(Increase) decrease in inventory	(33,738)
(Increase) decrease in net pension asset	32,754
(Increase) decrease in deferred outflows related to debt	74,342
(Increase) decrease in deferred outflows related to pension	(185,090)
Increase (decrease) in accounts payable	12,830
Increase (decrease) in accrued payroll	15,238
Increase (decrease) in compensated absences	(62,257)
Increase (decrease) in due to other funds	15,242
Increase (decrease) in due to other governments	21,723
Increase (decrease) in accrued interest	(15,451)
Increase (decrease) in retainage payable	11,256
Increase (decrease) in other current liabilities	15,326
Increase (decrease) in revenues deferred inflows	(109,339)
Increase (decrease) in pension deferred inflows	(25,785)
Increase (decrease) in customer deposits	43,744
Total adjustments	1,349,414
Net cash provided (used) by operating activities	\$ 2,461,319

See notes to the financial statements.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

1.) Summary of Significant Accounting Policies

The financial statements of the City of Manchester, Tennessee have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

Reporting Entity

The City of Manchester, Tennessee (the City) operates under a Mayor-Aldermen form of government within the following departments: general government, public safety, public works, public school system, welfare, culture, and recreation, and provides water and sewer services.

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may be financially accountable and, as such, should be included within the City's financial statements. The component unit discussed below is included in the City's reporting entity due to the significance of its operational or financial relationship with the City. Component units, although legally separate entities, are required to be presented in the government's financial statements using either a "blended" or "discrete" presentation. Component units that do not meet the criteria for blending are reported discreetly. A discreetly presented component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separated from the City.

The financial statements of *The Public Building Authority of the City of Manchester, Tennessee* (the Authority) was incorporated January 01, 2021, and its financial statements for year then ended June 30, 2023, have been discreetly presented. The Authority was established to finance, develop and operate the Manchester Conference Center. It is managed by a seven-member board that is appointed by the governing body. The Authority is a legal entity that meets the definition of a component unit of the City in that a financial burden/benefit relationship exists between the two entities. A complete copy of the component unit's audited reports may be obtained from the City's Finance Director.

Government-wide and Fund Financial Statements

The statement of net position and the statement of activities display information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the differences presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

1.) Summary of Significant Accounting Policies-(Continued)

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues result from non-exchange transactions.

The City reports the following major governmental funds:

General Fund - The General Fund accounts for all financial resources applicable to the general operations of City government that are not properly accounted for in another fund. Revenues are derived primarily from taxes and intergovernmental revenues.

General Purpose School Fund – The General Purpose School Fund is used to account for the primary activities of the Manchester City School System.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from the Proprietary Fund.

Enterprise Funds – These funds are used to account for business-like activities provided to the general public. The activities are financed primarily by user charges and the measurement of the financial activity focuses on net income measurement similar to private sector businesses.

The City reports the following major enterprise fund:

Water & Sewer Fund- Accounts for operations of the City's water and sewer services. The fund's revenues are derived primarily from user fees. The proceeds of several bond issues and loans have been used specifically for the construction or acquisition of water and sewer systems and facilities. Since it is the intention of the City to repay these bonds and loans through water and sewer fund operations, these obligations are reported in this fund.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

1.) Summary of Significant Accounting Policies-(Continued)

Additionally, the City reports the following nonmajor governmental funds:

Special Revenue Funds - Used to account for the proceeds of specific revenue sources (other than major capital projects) or committed sources requiring separate accounting because of legal or regulatory provisions or administrative action. The special revenue funds include the Sanitation Fund, Drug Control Fund, Recreation, Tourism, School Federal Projects Fund, and the Internal School Funds.

Generally, the effect of interfund activity has been removed from the government-wide financial statements, with the exception of interfund services provided and used which are not eliminated in the process of consolidation. Net interfund activities and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

1.) Summary of Significant Accounting Policies-(Continued)

Budget Policy and Budgetary Data

Formal budgets are adopted for all funds. These formal budgets are adopted on a departmental basis and the line-item estimates are from the appropriations ledger and not from a formal budget ordinance. The legal level of budgetary control is the fund level. Transfers of appropriations between funds require the approval of the governing body.

The budgets are prepared on a basis consistent with generally accepted accounting principles. Encumbrance accounting is not utilized by the City and all unencumbered and unexpended appropriations lapse at the end of the fiscal year.

Expenditures may not legally exceed appropriations at or above the fund level. All budgeted amounts shown in the financial statements and the accompanying supplementary information reflect the original budget and the amended budget (which may have been adjusted for legally authorized revisions to the annual budgets during the year).

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash includes amounts in demand deposits and cash equivalents. The City considers all highly liquid investments with an initial maturity period of three months or less to be cash equivalents. These are classified on the balance sheet as “cash,” “investment in pooled cash,” “restricted assets,” and “investments”.

Investments

Investments are stated at fair value, except for interest-earning investment contracts that have a remaining maturity of one year or less at the time of purchase. Any change in the value of investments recorded at fair value is included in investment income. Fair value is based on quoted market prices. Investments of the City of Manchester consist of deposits in the TCRS Stabilization Reserve Trust and certificates of deposit in financial institutions and are classified on the balance sheet as “investments” and “restricted assets.”

Inventories and Prepaid Items

Capital assets, which include property, plant, equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, streets and sidewalks, and drainage systems are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Restricted Assets

Proceeds of bonds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Also, amounts due from other governments may be included as restricted assets because their use is limited by grant agreements.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

1.) **Summary of Significant Accounting Policies-(Continued)**

Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost greater than \$5,000. Purchased or constructed capital assets (including infrastructure) are recorded at cost or estimated historical cost. Contributed capital assets are recorded at their acquisition value on the date contributed. Additions, improvements and other capital outlays that significantly extend the useful life of an asset in excess of one year are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Land and certain land improvements are inexhaustible capital assets and are not depreciated. Depreciation on depreciable capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	25-50 years
Infrastructure (roads, bridges)	50 years
Distribution Systems	10-50 years
Equipment	3-10 years
Furniture and fixtures	3-10 years

Bond Discounts and Premiums

In the governmental funds, bond discounts and premiums are treated as period costs in the year of issue. In proprietary funds, bond discounts and premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an increase of the face amount of bonds payable. At the government-wide level any bond discounts and premiums in the governmental funds are adjusted and reported in the same manner as in proprietary funds.

Fund Balance

In the governmental fund financial statements, fund balances may be classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen by ordinance; reversed and amended by same action.

Assigned – amounts that are designated by the Board for a particular purpose but are not spendable until there is a majority vote approval by the Board.

Unassigned – all amounts in the general fund not included in other spendable classifications.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

1.) Summary of Significant Accounting Policies-(Continued)

Net Position

Net Investment in Capital Assets - is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt.

Restricted - represents a net position that has third party (statutory, bond covenant or granting agency) limitations on its use. The City's policy is generally to use restricted net position first, as appropriate opportunities arise.

Unrestricted - While management may have categorized and segmented portions for various purposes, the City has unrestricted authority to alter these managerial decisions.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use the committed amounts first, followed by the assigned and then unassigned amounts.

Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has unearned and unavailable revenue related to property taxes that qualifies for reporting in this category. The City also has deferred inflows and outflows related to the recording of changes in its net pension asset. Certain changes in the net pension asset are recognized as pension expense over time instead of all being recognized in the year of occurrence. The City has deferred inflows and outflows related to OPEB. The deferred inflows and outflows are recognized as the following: unamortized portion of (1) under recognized in current expense. New layer with own amortization yearly; Unamortized portion of (2) under recognized in current expense. New layer with own amortization yearly; costs incurred subsequent to the measurement date related to the administration of OPEB; amounts paid by the employer for OPEB benefits as they came due subsequent to the measurement date of total OPEB liability and before the end of the reporting period should be reported as deferred outflows. The City's leases are also reported as a deferred outflow.

Revenues, Expenditures and Expenses

Substantially all governmental fund revenues are accrued. Expenditures are recognized when the related fund liability is incurred, except for the following instances permitted by generally accepted accounting principles:

- General obligation long-term debt principal and interest are reported only when due.
- Inventory costs are reported in the period when inventory items are consumed, rather than in the period purchased.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

1.) **Summary of Significant Accounting Policies-(Continued)**

Property Taxes

Property taxes levied by the City are assessed by Coffee County and collected by the City. The tax rate for the 2023 fiscal year (2022 tax year) was \$1.5221 per \$100 of assessed valuation.

The property tax calendar adopted by the City has the lien and levy date as the first day of the calendar year that ends during the fiscal year. The tax bills are mailed on the first day of the fourth month of the fiscal year.

Lien date	January 1, 2023
Levy date	January 1, 2023
Tax bills mailed	October 1, 2023
Delinquency date	March 1, 2024

Grant Revenue

The City, a recipient of grant revenues, recognizes revenues when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the City before the eligibility requirements are met are deferred. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes-to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the City.

Compensated Absences

The liability for compensated absences is recorded when future payments for such absences have been earned by the employees. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave and accumulated sick pay with restrictions.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets and service debt. These transactions are generally reflected as transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund. Transactions that would be treated as revenues or expenditures if the involved organizations were external to the City are treated as revenues in the receiving fund and expenditures in the disbursing fund. Transfers within governmental activities and within business-type activities are eliminated upon consolidation.

Amounts owed to one fund by another are reported as due to/due from other funds. The interfund balances resulted from the time lag between the dates that; (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Amounts reported in the fund financial statements as due to/due from other funds are subject to elimination upon consolidation.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

1.) Summary of Significant Accounting Policies-(Continued)

Interfund Transactions-(Continued)

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

OPEB Liability and Expenses/Expenditures

For economic resources accounting, a liability should be recognized for the total OPEB liability. For current resources accounting liability should be recognized to the extent that the liability will be paid with expendable available financial resources. This usually means to the extent that benefit payments have matured (are due and payable). OPEB expenditures should be recognized equal to the total of amounts paid by the employer as benefits came due and the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources (to the extent benefits are due and payable). Changes in the total OPEB liability should be recognized in OPEB expense in the current period except as noted below:

- One-year portion of difference between actual and expected experience with regard to economic or demographic factors in the net OPEB liability amortized over closed period equal to average remaining useful life of all OPEB eligible as of start of measurement period.
- One-year portion of amounts related to changes of assumptions about future economic or demographic factors or of other inputs amortized over closed period equal to average remaining useful life of all OPEB eligible as of start of measurement period.
- Costs incurred by the employer related to the administration of OPEB using same measurement period as other changes to total OPEB liability.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

1.) Summary of Significant Accounting Policies-(Continued)

Leases

The City is a lessee for a noncancellable lease of cardio equipment for its Recreation Center. The City recognizes a lease payable and a deferred outflow of resources in the financial statements.

At the commencement of the lease, the City initially measures the lease payable at the present value of payments expected to be paid during the lease term. Subsequently, the lease payable is reduced by the principal portion of lease payments paid. The deferred outflow of resources is initially measured as the initial amount of lease payable, adjusted for lease payments paid at or before the lease commencement date. Subsequently, the deferred outflow of resources is recognized as an expense over the life of the lease term.

Key estimates and judgements include how the City determines: (1) the discount rate it uses to discount the expected lease payments to present value; (2) lease term; and (3) lease payments.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease payable is composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease payable and deferred outflow of resources if certain changes occur that are expected to significantly affect the amount of the lease payable.

2.) Stewardship, Compliance and Accountability

For the year ended June 30, 2023, the City expenditures did not exceed appropriations in the General Fund.

3.) Deposits and Investments

Deposits

The City of Manchester participates in an internal cash and investment pool through the City Finance Director's office. The City Finance Director is responsible for receiving, disbursing, and investing most City funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Investment in Pooled Cash. Cash reflected on the balance sheets or statements of net position represents non-pooled amounts held separately by individual funds.

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105% of the average daily balance of public deposits held.

Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

3.) **Deposits and Investments-(Continued)**

Deposits-(Continued)

The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105% of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the City.

Investments

TCRS Stabilization Trust

Legal Provisions. Manchester City Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of Manchester City Schools.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. Manchester City School may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2023, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

3.) Deposits and Investments-(Continued)

TCRS Stabilization Trust – (Continued)

Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below. Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

3.) Deposits and Investments-(Continued)

TCRS Stabilization Trust – (Continued)

Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type. Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

On June 30, 2023, Manchester City Schools had the following investments held by the trust on its behalf.

<u>Investment</u>	<u>(days)</u>	<u>Maturities</u>	<u>Value</u>
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 27,135
Canadian Equity	N/A	N/A	1,751
Developed Market International Equity	N/A	N/A	10,504
Emerging Market International Equity	N/A	N/A	3,501
U.S. Fixed Income	N/A	N/A	17,507
Real Estate	N/A	N/A	8,753
Short-term Securities	N/A	N/A	875
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>17,507</u>
Total			<u><u>\$ 87,533</u></u>

<u>Investment by Fair</u>	<u>Fair Value</u>	<u>Quoted</u>	<u>Significant</u>	<u>Significant</u>	<u>NAV</u>
<u>Value Level</u>	<u>6-30-23</u>	<u>Prices in</u>	<u>Other</u>	<u>Unobservable</u>	
		<u>Active</u>	<u>Observable</u>	<u>Inputs</u>	
		<u>Markets for</u>	<u>Inputs</u>	<u>Inputs</u>	
		<u>Identical</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
		<u>Assets</u>			
		<u>(Level 1)</u>			
U.S. Equity	\$ \$ 27,135	\$ \$ 27,135	\$ \$ -	\$ \$ -	\$ -
Canadian Equity	1,751	1,751	-	-	-
Developed Market International Equity	10,504	10,504	-	-	-
Emerging Market International Equity	3,501	3,501	-	-	-
U.S. Fixed Income	17,507	-	17,507	-	-
Real Estate	8,753	-	-	8,753	-
Short-term Securities	875	-	875	-	-
Private Equity and Strategic Lending	17,507	-	-	-	17,507
Total	<u><u>\$ \$ 87,533</u></u>	<u><u>\$ \$ 42,891</u></u>	<u><u>\$ \$ 18,382</u></u>	<u><u>\$ \$ 8,753</u></u>	<u><u>\$ \$ 17,507</u></u>

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

3.) Deposits and Investments-(Continued)

Investment Policies

Risks and Uncertainties. The trust’s investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Manchester City Schools does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Manchester City Schools does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county’s investment in a single issuer. Manchester City Schools places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Manchester City School to pay retirement benefits of the School Department employees.

For further information concerning the Manchester City School’s investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

4.) Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

<u>Governmental Activities</u>	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,522,077	\$ -	\$ -	\$ 4,522,077
Construction in Progress	7,363,355	2,135,309	(3,858,206)	5,640,458
<u>Capital assets being depreciated:</u>				
Buildings	27,703,038	3,858,206	-	31,561,244
Improvements	403,668	-	-	403,668
Infrastructure	29,437,273	471,447	-	29,908,720
Machinery	8,738,332	240,310	(7,617)	8,971,025
Total capital assets being depreciated	<u>\$ 66,282,311</u>	<u>\$ 4,569,963</u>	<u>\$ (7,617)</u>	<u>\$ 70,844,657</u>

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

4.) Capital Assets-(Continued)

<u>Governmental Activities-(Continued)</u>	<u>July 1,2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Less: accumulated depreciation	43,463,701	1,677,960	(5,078)	45,136,583
Net capital assets being depreciated	22,818,610	2,892,003	(2,539)	25,708,074
Net Capital Assets	<u>\$ 34,704,042</u>	<u>\$ 5,027,312</u>	<u>\$(3,860,745)</u>	<u>\$ 35,870,609</u>

Depreciation expense, including depreciation on assets acquired through capital leases was charged to functions programs of the primary government as follows:

Governmental	\$ 769,161
Drug	47,717
Fire	78,423
Police	19,930
Public Works	163,040
Recreation	201,270
Sanitation	19,843
Schools	378,576
Total	<u>\$1,677,960</u>

<u>Business-type Activities</u>	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
<u>Capital assets not being depreciated:</u>				
Land	\$ 210,937	\$ -	\$ -	\$ 210,937
Construction in Progress	4,856,105	968,470	-	5,824,575
<u>Capital assets being depreciated:</u>				
Buildings	398,600	-	-	398,600
Infrastructure	54,718,334	-	-	54,718,334
Machinery	1,632,782	312,078	(55,800)	1,889,060
Total capital assets being depreciated	56,749,716	312,078	(55,800)	57,005,994
Less: accumulated depreciation	29,072,040	1,625,932	(55,683)	30,642,289
Net capital assets being depreciated	27,677,676	(1,313,854)	117	23,363,705
Net Capital Assets	<u>\$ 32,744,718</u>	<u>\$ (345,384)</u>	<u>\$ 117</u>	<u>\$ 32,399,217</u>

During 2023, depreciation in the amount of \$1,625,932 was charged to operations.

5.) Interfund Transactions

The composition of interfund balances as of June 30, 2023, is as follows:

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

5.) Interfund Transactions-Continued

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Funds		
General Fund	\$ 120,049	\$ -
General Purpose School Fund	-	37,266
	120,049	37,266
Nonmajor Funds		
Recreation Fund	-	38,266
Sanitation Fund	86,388	-
	86,388	38,266
Proprietary Funds		
Water and Sewer Fund	-	130,905
	-	130,905
Total	\$ 206,437	\$ 206,437

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances will be repaid within one year.

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>
General	Sanitation Fund	\$ 100,000
General	Recreation	2,036,450
General	Schools	1,713,177
General	Debt Service	1,697,550
General	Capital Projects	603,886
Recreation	Debt Service	45,052
Total		\$6,196,115

6.) Long-Term Obligations

Governmental Activities

General Obligation Bonds, Capital Outlay Notes, and Other Loans

The City issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government. General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 30 years for bonds and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2023, will be retired from the Debt Service Fund.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

6.) Long-Term Obligations-(Continued)

Business-type Activities

General Obligation and Revenue Bonds, and Other Loans

The City issues general obligation and revenue bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the Water and Sewer System

General obligation, revenue bonds, and other loans are issued pledging the revenue of the Manchester Water and Sewer system and the full faith and credit of the government. These bonds and other loans outstanding were issued for original terms of up to 50 years for bonds and up to 30 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. These bonds as of June 30, 2023, will be retired from the Water and Sewer Fund.

Debt outstanding as of June 30, 2023, consisted of the following:

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>June 30, 2023</u>
Governmental Activities:				
Capital Outlay Note:				
Energy Efficient for Schools	0.50%	2033	\$ 610,502	\$ 487,709
General Obligation Bonds				
Compensated Absences	3.00%	2038	17,115,000	15,515,000
Compensated Absences	1.78%	2044	2,245,000	2,100,000
			<u>\$19,970,502</u>	<u>\$18,102,709</u>
 Business-Type Activities:				
Bonds Payable:				
Refunding Bonds Series 20117	3.82%	2028	\$ 5,620,000	\$ 3,625,000
Refunding Bonds Series 2021A	1.93%	2037	9,510,000	8,265,000
(a) Public Improv Bonds, Series 2016A (DRUC)	4.74%	2031	6,240,000	-
(a) Public Improv Bonds, Series 2016A (DRUC)	4.74%	2038	3,231,000	2,995,000
(a) Public Improv Bonds, Series 2016A (DRUC)	1.60%	2031	4,100,000	3,680,000
			<u>43,632,658</u>	<u>18,565,000</u>
Total Governmental and Business			<u>\$63,603,160</u>	<u>\$36,667,709</u>

(a) See note on Duck River Utility Commission

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

6.) Long-Term Obligations-(Continued)

Annual debt service requirements to maturity for long-term debt are as follows:

Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 968,096	\$ 483,154	\$ 1,890,000	\$ 396,425
2025	993,336	455,314	1,825,000	359,226
2026	1,013,576	426,724	1,765,000	322,626
2027	1,033,816	397,534	1,780,000	287,476
2028	1,059,068	367,732	1,765,000	252,274
2029-2033	5,569,817	1,387,712	5,730,000	817,027
2034-2038	6,065,000	592,900	3,810,000	269,900
2039-2043	1,300,000	40,000	-	-
2044	100,000	2,000	-	-
	<u>\$ 18,102,709</u>	<u>\$ 4,153,070</u>	<u>\$ 18,565,000</u>	<u>\$ 2,704,954</u>

A summary of lease activity for the year ended June 30, 2023:

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2023
<u>LEASE PAYABLE</u>								
Recreation Cardio Equipment Lease	\$ 60,156	0.00%	11/4/2021	11/4/2024	\$ 40,104	\$ -	\$ (12,326)	\$ 27,778
					\$ 40,104	\$ -	\$ (12,326)	\$ 27,778

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

6.) Long-Term Obligations-(Continued)

A summary of long-term liability activity, including debt, for the year ended June 30, 2023, is as follows:

	Balance			Amounts	
	June 30, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Governmental Activities					
Bonds	\$ 18,505,000	\$ -	\$ (890,000)	\$ 17,615,000	\$ 920,000
Lease	40,104	-	(12,326)	27,778	27,778
Capital Outlay Note	535,565	-	(47,856)	487,709	48,096
Premiums	1,697,367	-	(105,591)	1,591,776	-
Discounts	(95,042)	5,761	-	(89,281)	-
Compensated Absences	2,172,224	77,844	-	2,250,068	-
OPEB	3,234,230	-	(176,422)	3,057,808	-
	<u>\$ 26,089,448</u>	<u>\$ 83,605</u>	<u>\$ (1,232,195)</u>	<u>\$ 24,940,858</u>	<u>\$ 995,874</u>
Business-Type Activities					
Refunding bonds, all series	\$ 13,295,000	\$ -	\$ (1,405,000)	\$ 11,890,000	\$ 1,435,000
Public Improvement Bonds	7,120,000	-	(445,000)	6,675,000	455,000
Premiums	472,908	-	(32,402)	440,506	-
Discounts	(39,787)	2,652	-	(37,135)	-
Compensated Absences	353,860	-	(62,257)	291,603	-
	<u>\$ 21,201,981</u>	<u>\$ 2,652</u>	<u>\$ (1,944,659)</u>	<u>\$ 19,259,974</u>	<u>\$ 1,890,000</u>

Compensated absences and other post-employment benefits are generally liquidated by the general fund and general purpose school fund.

Other Long-Term Debt - Duck River Utility Commission

The City issued \$4,100,000 in public building authority of Coffee County, TN-Utility revenue and tax bonds, series 2021B, with an interest rate of 1.6%, to be used by the Duck River Utility Commission (DRUC) to construct their facilities and improvements to their utility plant through an agreement between the City of Tullahoma and the City of Manchester. The net proceeds were \$4,279,920 (including a \$179,920 premium and after payment of \$49,404 in underwriting fees and other issuance costs). As a result, the 2016 series bonds are considered defeased and the liability for those bonds have been removed from the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$414,721. This amount is reported as a deferred inflow of resources and amortized over the remaining life of the refunded debt, which has the same remaining life as the refunded debt. The advance refunding reduced the City's total debt service payments by \$825,789 and resulted in a present value economic gain of \$200,762.

The City carries the long-term debt related to these bonds of \$3,680,000 and the existing series Z-1-B bonds in the amount of \$2,995,000, and a corresponding receivable from DRUC at June 30, 2023, of \$6,675,000.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans

A. Manchester City Schools Teacher Legacy Pension Plan

Plan description. The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-andGovernance/Reporting-and-Investment-Policies>.

Teachers employed by Manchester City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit, or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Manchester City Schools for the year ended June 30, 2023 to the Teacher Legacy Pension Plan were \$633,604 which is 8.69 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

A. Manchester City Schools Teacher Legacy Pension Plan -(Continued)

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liability (assets). At June 30, 2023, the Manchester City Schools reported a liability (asset) of (\$2,723,178) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Manchester City School’s proportion of the net pension liability was based on Manchester City School’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, Manchester City School’s proportion was 0.222046 percent. The proportion measured as of June 30, 2021 was .206891 percent.

Pension expense (negative pension expense). For the year ended June 30, 2023, Manchester City Schools recognized pension expense (negative pension expense) of (\$56,458).

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, Manchester City Schools reported deferred outflows of resources and deferred inflows of resources related to the Teacher Legacy Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 447,953	\$ 460,134
Changes in assumptions	1,705,940	-
Net difference between projected and actual earnings on pension plan investments	46,565	-
Changes in proportion of Net Pension Liability (Asset)	-	222,671
LEA's contributions subsequent to the Measurement date of June 30, 2022	633,604	(not applicable)
Total	\$ 2,834,062	\$ 682,805

Manchester City Schools employer contributions of \$633,604 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2024.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) **Pension Plans-(Continued)**

A. Manchester City Schools Teacher Legacy Pension Plan -(Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2024	\$ 188,690
2025	429,941
2026	(538,270)
2027	1,437,291
2028	-
Thereafter	-

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

A. Manchester City Schools Teacher Legacy Pension Plan -(Continued)

The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private Equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<hr/> 100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 6.75 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Manchester City School’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Manchester City School’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Manchester City School's proportionate share of the net pension liability (asset)	\$5,393,677	\$(2,723,178)	\$(9,483,979)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Payable to the pension plan

At June 30, 2023, Manchester City School reported a payable of \$18,645 for the outstanding amount of contributions to the Teacher Legacy Pension Plan required at the year ended June 30, 2023.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

B. Teacher Retirement Plan – Manchester City Schools

Plan description. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Manchester City School with memberships in TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees. The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive years average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

B. Teacher Retirement Plan – Manchester City Schools-(Continued)

The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Manchester City School for the year ended June 30, 2023 to the Teacher Retirement Plan were \$54,933 which is 3.99 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liabilities (assets). At June 30, 2023, Manchester City Schools reported a liability (asset) of (\$18,763) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension asset used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Manchester City School’s proportion of the net pension liability (asset) was based on Manchester City School’s share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, Manchester City School’s proportion was 0.061940 percent. The proportion measured as of June 30, 2021 was .061223 percent.

Pension Expense (negative pension expense). For the year ended June 30, 2023, Manchester City Schools recognized pension expense of \$26,253.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, Manchester City Schools reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 1,026	\$ 11,400
Net difference between projected and actual earnings on pension plan investments	5,914	-
Changes in assumptions	21,980	-
Changes in proportion of Net Pension Liability (Asset)	2,449	5,700
LEA's contributions subsequent to the Measurement date of June 30, 2022	54,933	(not applicable)
Total	\$ 86,302	\$ 17,100

Manchester City School’s employer contributions of \$54,933 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2024.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

B. Teacher Retirement Plan – Manchester City Schools-(Continued)

Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2024	\$	166
2025		226
2026		(745)
2027		9,556
2028		822
Thereafter		4,245

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

B. Teacher Retirement Plan – Manchester City Schools-(Continued)

The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private Equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<hr style="width: 100%; border: 0.5px solid black;"/> 100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees of 6.75 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Manchester City School’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Manchester City School’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate (6.75%)	1% Increase <u>(7.75%)</u>
Manchester City School's proportionate share of the net pension liability (asset)	\$ 98,496	(\$18,763)	(\$104,398)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2023, Manchester City School reported no payable for the outstanding amount of contributions to the Teacher Retirement Plan required at the year ended June 30, 2023.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) **Pension Plans-(Continued)**

C. TCRS Manchester General Government Retirement Plan

Plan description. Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a public ally available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reportingand-Investment-Policies>.

Benefits provided. Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees or entitled to but not yet receiving benefits	106
Active employees	178
Total	<u>296</u>

Contributions. Contributions for employees are established in the statues governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Manchester City Schools makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for Manchester City School were \$365,629 at a base rate of 5.62 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Manchester’s state shared taxes if required employer contributions are not remitted.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

C. TCRS Manchester General Government Retirement Plan -(Continued)

The employer’s actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Manchester’s net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

C. TCRS Manchester General Government Retirement Plan -(Continued)

The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Manchester will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

C. TCRS Manchester General Government Retirement Plan -(Continued)

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at 6/30/21	\$9,589,610	\$11,333,562	\$ (1,743,952)
Changes for the year:			
Service Cost	783,105		783,105
Interest	692,094		692,094
Differences between Expected and actual experience	239,967		239,967
Changes of Benefit Terms	-		-
Changes in assumptions	-		-
Contributions- employer		418,360	(418,360)
Contributions- employees		399,962	(399,962)
Net investments income		(444,328)	444,328
Benefits paid including refunds including refunds of employee contributions	(238,930)	(238,930)	-
Administrative expense		(17,467)	17,467
Other Changes		-	-
Net changes	1,476,236	117,597	1,358,639
Balance at 6/30/22	\$11,065,846	\$11,451,159	\$ (385,313)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Manchester calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Manchester's net pension liability (asset)	\$1,708,817	(\$385,313)	(\$2,061,947)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense). For the year ended June 30, 2023, Manchester recognized pension expense (negative pension expense) of \$359,869.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

C. TCRS Manchester General Government Retirement Plan -(Continued)

Deferred outflow of resources and inflow of resources. For the year ended June 30, 2023, Manchester reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 256,916	\$ 409,149
Net difference between projected and actual earnings on pension plan investments	77,348	-
Changes in Assumption	801,229	-
Contributions subsequent to the Measurement date of June 30, 2022	365,629	(not applicable)
Total	\$ 1,501,192	\$ 409,149

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2022,” will be recognized (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2024	\$ 62,873
2025	65,472
2026	36,351
2027	332,173
2028	91,191
Thereafter	138,274

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2023, Manchester reported a payable of \$18,645 for the outstanding amount of contributions to the public employee retirement plan required at the year ended June 30, 2023.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

7.) Pension Plans-(Continued)

D. Manchester Public Employee Retirement System (MPERS)

Any employee participating in the City of Manchester Retirement Plan a single employer defined contribution plan established under 401(a) of the internal revenue code who was a member of the Plan prior to July 1, 2002, or who was hired between July 1, 2001 and July 1, 2002 and elects to join the Plan at the first available enrollment, and any employee of the Manchester City School Board, shall be permitted to contribute as before, and the City will contribute to match the employee's one (1%) percent contribution with seven (7%) percent city contribution. Any person, other than employees of the Manchester City School Board, who began employment with the City of Manchester on or after July 1, 2002, or any current employee who was hired between July 1, 2001 and July 1, 2002 who does not elect to join the Plan at the first available enrollment, or any employee not presently in the Retirement Plan, or who re-joins the Plan after having stopped contributing to it, shall be limited to a City contribution equal to the employee's contribution, up to the maximum City contribution set by the fiscal year Budget Ordinance.

Each participant's account is credited with the participant's contributions and City's matching contributions. Participants are vested immediately in their contributions and in the City's contribution plus actual earnings thereon. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

E. Deferred Compensation Plan

All employees of the City of Manchester may voluntarily participate in a 457(b)(6) deferred compensation plan administered by Nationwide Retirement. Under Section 457 of the Internal Revenue Code, an employee may defer certain allowable wages to the plan. Participation is handled through a payroll deduction, reducing employee federal taxes. Employees may increase, decrease, stop and restart contributions as they wish. The City does not contribute to the plan and does not recognize any expense related to the plan. The City's liability at June 30, 2023 is limited to employee payroll withholdings for the week not yet remitted to the administrator.

8.) Other Postemployment Benefits (OPEB)

A. Manchester City Schools - Closed Teacher Group Insurance Plan

Plan Description

Employees of Manchester City Schools who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

8.) **Other Postemployment Benefits (OPEB)-(Continued)**

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

Benefits Provided

The Manchester City Schools offer the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree’s premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms

At July 1, 2022, the following employees of Manchester City Schools were covered by the benefit terms of the TGOP:

Inactive employees currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>156</u>
Total	<u>174</u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Manchester City School paid \$587,315 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

8.) Other Postemployment Benefits (OPEB)-(Continued)

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	8.37% for pre-65 in 2022, decreasing annually over a 7-year period to an ultimate rate of 4.50%. 8.99% for post-65 in 2022, decreasing annually over a 6 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Discount rate. The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

8.) Other Postemployment Benefits (OPEB)-(Continued)

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

Changes in Collective Total OPEB Liability

TGOP

		<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$	<u>4,564,325</u>
Charges for the year:		
Service cost		226,184
Interest		100,597
Change of benefit terms		-
Differences between expected and actual		219,070
Change in assumptions		(431,892)
Benefit payments		<u>(267,899)</u>
Net changes		<u>(153,940)</u>
Balances at June 30, 2022	\$	<u><u>4,410,385</u></u>
 Nonemployer contributing entities proportionate share of the collective total OPEB liability	 \$	 1,352,577
 Employer's proportionate share of the collective total OPEB liability	 \$	 3,057,808
 Employer's proportion of the collective total OPEB liability		 69.33%

The Manchester City School has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Manchester City School's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed -1.53% from the prior measurement date. Manchester City School recognized \$136,303 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Manchester City School's retirees.

Changes in assumptions. The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

8.) Other Postemployment Benefits (OPEB)-(Continued)

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate. (expressed in thousands)

	1% Decrease	Discount Rate	1% Increase
	<u>(2.54%)</u>	<u>(3.54%)</u>	<u>(4.54%)</u>
Proportionate share of collective total OPEB liability	\$ 3,284,260	\$ 3,057,808	\$ 2,842,396

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate. The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (7.37%/7.99% decreasing to 3.50%) or 1-percentage-point higher (9.37%/9.99% decreasing to 5.50%) than the current healthcare cost trend rate. (expressed in thousands)

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	<u>(7.37%/7.99% decreasing to 3.50%)</u>	<u>(8.37%/8.99% decreasing to 4.50%)</u>	<u>(9.37%/9.99% decreasing to 5.50%)</u>
Proportionate share of collective total OPEB liability	\$ 2,743,198	\$ 3,057,808	\$ 3,423,294

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense. For the fiscal year ended June 30, 2023, Manchester City School recognized OPEB expense of \$474,680.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

8.) Other Postemployment Benefits (OPEB)-(Continued)

A. Manchester City Schools - Closed Teacher Group Insurance Plan-(Continued)

Deferred outflows of resources and deferred inflows of resources. For the fiscal year ended June 30, 2023, Manchester City Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

TGOP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 970,452	\$ 144,196
Changes in assumptions	222,582	527,086
Changes in proportion and differences between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due.	126,931	99,884
Employer payments subsequent to the measurement date	173,643	-
Total	\$ 1,493,608	\$ 771,166

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

TGOP		
Year Ended June 30:		
2024	\$	111,816
2025		111,816
2026		111,816
2027		113,980
2028		122,623
Thereafter		(23,252)

In the table above, positive amounts will increase OPEB expense, while negative amounts will decrease OPEB expense.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

8.) **Other Postemployment Benefits (OPEB)-(Continued)**

B. Manchester City Schools-Closed Tennessee Plan

Plan Description

Employees of Manchester City Schools who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TN plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The state, as a governmental nonemployer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms

At June 30, 2022, the following employees of Manchester City Schools were covered by the benefit terms of the TNP:

Inactive employees currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	21
Active employees	115
Total	<u>177</u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the Manchester City Schools did not make any payments to the TNP for OPEB benefits as they came due.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

8.) Other Postemployment Benefits (OPEB)-(Continued)

B. Manchester City Schools-Closed Tennessee Plan-(Continued)

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2020.

Discount rate. The discount rate used to measure the total OPEB liability was 3.54 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in Collective Total OPEB Liability

TNP

		<u>Total OPEB Liability</u>
Balances at June 30, 2022	\$	<u>496,551</u>
Charges for the year:		
Service cost		9,873
Interest		10,715
Differences between expected and actual		29,859
Change in assumptions		(88,832)
Benefit payments		<u>(20,813)</u>
Net changes		<u>(59,198)</u>
Balances at June 30, 2023	\$	<u><u>437,353</u></u>

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

8.) **Other Postemployment Benefits (OPEB)-(Continued)**

B. Manchester City Schools-Closed Tennessee Plan-(Continued)

Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$	437,353
Employer's proportionate share of the collective total OPEB liability	\$	-
Employer's proportion of the collective total OPEB liability		0%

The Manchester City Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. Manchester City School's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The Manchester City School's proportion of 0% did not change from the prior measurement date. Manchester City Schools recognized \$6,827 in revenue for support provided by nonemployer contributing entities for benefits paid to the TNP for Manchester City Schools retired employees.

Changes in assumptions. The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense. For the fiscal year ended June 30, 2023, Manchester City Schools recognized OPEB expense of \$6,827.

9.) **Risk Management**

The City is exposed to various risks of loss related to torts, errors and omissions, damages to assets and injuries to employees. The City participates in the Tennessee Municipal League (TML) Risk Management Pool. The membership allows the City to share liability and employee related risks.

The TML Risk Management Pool is a governmental entity organized by Tennessee cities as a not-for-profit corporation to provide liability and workers' compensation coverage to Tennessee cities. Emphasis is on risk management and controlling losses, as all costs are shared by the Pool member cities. An extensive program of loss prevention, employee training, and legal counsel supplements experienced claims processing for member cities.

The City is subject to additional assessments as a member of the Pool, but such assessments have never been levied on the City and are not expected. There are no claims or judgments pending and claims paid (settled) have not exceeded insurance coverage in the past three years.

CITY OF MANCHESTER, TENNESSEE

Notes to Financial Statements

For the Year Ended June 30, 2023

10.) Commitments and Contingencies

Several lawsuits against the City are ongoing, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable; however, City officials believe that the outcome of these proceedings, either singularly or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

11.) Use of Estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

12.) Prior Period Adjustments

Government-wide- The City made a prior period adjustment, as a decrease in net position, in the amount of \$(1,200,888). This adjustment was made to remove portions of fixed asset costs and long term debt that was inadvertently overstated in the prior year.

General Purpose School Fund- The City Schools made a prior period adjustment, as an increase in net position, in the amount of \$516,422. This adjustment was made to reclassify expenses that were inappropriately included in the prior year.

Capital Equipment Replacement Fund- The City made a prior period adjustment, as an increase in net position, in the amount of \$76,636. This adjustment was made to reclassify expenses that were inappropriately included in the prior year.

13.) Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the City through November 12, 2024 (the date the financial statements were available to be issued) and concluded that no events should be disclosed as a subsequent event.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MANCHESTER, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30**

Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios

	Closed Teacher Group OPEB Plan					
	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 159,634	\$ 147,249	\$ 114,911	\$ 160,702	\$ 219,725	\$ 226,184
Interest	103,722	123,011	90,502	136,720	100,837	100,597
Changes of benefit terms	-	(664,516)	-	-	-	-
Differences between expected and actual experience	-	(404,188)	1,659,747	138,751	246,480	219,070
Changes of assumptions	(152,751)	69,314	(287,283)	439,351	(212,066)	(431,892)
Benefit payments	(191,072)	(198,836)	(190,558)	(267,197)	(265,877)	(267,899)
Net change in total OPEB liability	<u>\$ (80,467)</u>	<u>\$ (927,966)</u>	<u>\$ 1,387,319</u>	<u>\$ 608,327</u>	<u>\$ 89,099</u>	<u>\$ (153,940)</u>
Total OPEB liability - beginning	<u>3,488,013</u>	<u>3,407,546</u>	<u>2,479,580</u>	<u>3,866,899</u>	<u>4,475,226</u>	<u>4,564,325</u>
Total OPEB liability - ending (a)	<u><u>\$ 3,407,546</u></u>	<u><u>\$ 2,479,580</u></u>	<u><u>\$ 3,866,899</u></u>	<u><u>\$ 4,475,226</u></u>	<u><u>\$ 4,564,325</u></u>	<u><u>\$ 4,410,385</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,167,361	\$ 754,779	\$ 1,056,738	\$ 1,187,595	\$ 1,330,095	\$ 1,352,577
Employer's proportionate share of the collective total OPEB liability	\$ 2,240,185	\$ 1,727,801	\$ 2,810,161	\$ 3,287,632	\$ 3,234,230	\$ 3,057,808
Covered-employee payroll	6,454,473	6,781,547	6,581,248	7,542,138	9,141,344	9,345,627
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	34.71%	25.48%	42.70%	43.59%	35.38%	32.72%

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Prior year numbers expressed in thousands. Beginning FY 2020, numbers will be expressed in whole.

**CITY OF MANCHESTER, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30**

Schedule of Changes in Proportionate Share of Collective OPEB Liability and Related Ratios

Closed Tennessee Plan

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability						
Service cost	\$ 8,545	\$ 6,934	\$ 6,503	\$ 8,006	\$ 12,008	\$ 9,873
Interest	15,362	17,195	15,801	18,378	13,515	10,715
Differences between expected and actual experience	-	(45,114)	75,963	(25,056)	(22,643)	29,859
Changes of assumptions	(43,796)	(3,357)	9,698	104,993	(94,864)	(88,832)
Benefit payments	(21,450)	(21,700)	(21,983)	(22,746)	(21,912)	(20,813)
Net change in total OPEB liability	<u>\$ (41,339)</u>	<u>\$ (46,042)</u>	<u>\$ 85,982</u>	<u>\$ 83,575</u>	<u>\$ (113,896)</u>	<u>\$ (59,198)</u>
Total OPEB liability - beginning	<u>528</u>	<u>486,932</u>	<u>440,890</u>	<u>526,872</u>	<u>610,447</u>	<u>496,551</u>
Total OPEB liability - ending (a)	<u>\$486,932</u>	<u>\$440,890</u>	<u>\$ 526,872</u>	<u>\$ 610,447</u>	<u>\$ 496,551</u>	<u>\$ 437,353</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$486,932	\$440,890	\$ 526,872	\$ 610,447	\$ 496,551	\$ 437,353
Employer's proportionate share of the collective total OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	461,909	471,147	529,725	615,248	883,578	1,376,372
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	0%	93.58%	99.46%	99.22%	56.20%	31.78%

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Prior year numbers expressed in thousands. Beginning FY 2020, numbers will be expressed in whole.

CITY OF MANCHESTER, TENNESSEE

Required Supplementary Information

Schedule of Changes of Net Pension Liability (Asset) and Related Ratios Based on Participation in the
Public Employee Pension Plan of TCRS
General Government Employees

Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Service Cost	\$ 392,551	\$ 409,021	\$ 428,731	\$ 465,708	\$ 541,855	\$ 595,405	\$ 637,796	\$ 621,838	\$ 783,105
Interest	202,268	241,631	286,230	345,901	407,433	471,675	534,081	590,217	692,094
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual and expected experience	(36,349)	(29,547)	86,361	63,102	(42,116)	(153,782)	(301,541)	(121,937)	239,967
Changes of assumptions	-	-	-	117,168	-	-	-	1,016,233	-
Benefit payments, including refunds of employee contributions	(20,597)	(79,607)	(12,722)	(72,644)	(47,907)	(101,349)	(88,490)	(71,666)	(238,930)
Net change in total pension liability	537,873	541,498	788,600	919,235	859,265	811,949	781,846	2,034,685	1,476,236
Total pension liability-beginning	2,314,659	2,852,532	3,394,030	4,182,630	5,101,865	5,961,130	6,773,079	7,554,925	9,589,610
Total pension liability-ending (a)	\$ 2,852,532	\$ 3,394,030	\$ 4,182,630	\$ 5,101,865	\$ 5,961,130	\$ 6,773,079	\$ 7,554,925	\$ 9,589,610	\$ 11,065,846
Plan fiduciary net position									
Contributions-employer	\$ 236,299	\$ 248,031	\$ 265,914	\$ 299,259	\$ 332,328	\$ 357,292	\$ 370,020	\$ 380,888	\$ 418,360
Contributions-employee	225,047	236,781	254,221	286,100	317,714	341,581	353,747	364,137	399,962
Net investment income	418,209	103,794	104,059	512,861	463,279	493,659	383,178	2,256,651	(444,328)
Benefit payments, including refunds of employee contributions	(20,597)	(79,607)	(12,722)	(72,644)	(47,907)	(101,349)	(88,490)	(71,666)	(238,930)
Administrative expense	(4,520)	(6,871)	(10,406)	(12,231)	(14,488)	(14,533)	(14,883)	(15,057)	(17,467)
Net change in plan fiduciary net positions	854,438	502,128	601,066	1,013,345	1,050,926	1,076,650	1,003,572	2,914,953	117,597
Plan fiduciary net position-beginning	2,316,484	3,170,922	3,673,050	4,274,116	5,287,461	6,338,387	7,415,037	8,418,609	11,333,562
Plan fiduciary net position-ending (b)	\$ 3,170,922	\$ 3,673,050	\$ 4,274,116	\$ 5,287,461	\$ 6,338,387	\$ 7,415,037	\$ 8,418,609	\$ 11,333,562	\$ 11,451,159
Net Pension Liability (asset)-ending (a)-(b)	\$ (318,390)	\$ (279,020)	\$ (91,486)	\$ (185,596)	\$ (377,257)	\$ (641,958)	\$ (863,684)	\$ (1,743,952)	\$ (385,313)
Plan fiduciary net position as a percentage of total pension liability	111.16%	108.22%	102.19%	103.64%	106.33%	109.48%	111.43%	118.19%	103.48%
Covered-employee payroll	\$ 4,500,934	\$ 4,742,457	\$ 5,084,402	\$ 5,719,204	\$ 6,354,259	\$ 6,831,593	\$ 7,074,945	\$ 7,282,748	\$ 7,999,227
Net pension liability (asset) as a percentage of covered-employee payroll	-7.07%	-5.88%	-1.80%	-3.25%	-5.94%	-9.40%	-12.21%	-23.95%	-4.82%

Changes of assumptions . In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date.

Please refer to previously supplied data from the TCRS GASB website for prior year's data, if needed.

CITY OF MANCHESTER, TENNESSEE

Required Supplementary Information

Schedule of Contributions Based on Participation in the
Public Employee Pension Plan of TCRS
General Government Employees

Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 236,299	\$ 248,031	\$ 265,914	\$ 258,508	\$ 304,369	\$ 327,233	\$ 335,353	\$ 345,203	\$ 303,171	\$ 365,629
Contributions in relation to the actuarially determined contribution	236,299	248,031	265,914	299,259	332,328	357,292	370,020	380,888	418,360	365,629
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (40,751)	\$ (27,959)	\$ (30,059)	\$ (34,667)	\$ (35,685)	\$ (115,189)	\$ -
Covered-employee payroll	\$ 4,500,934	\$ 4,742,457	\$ 5,084,402	\$ 5,719,204	\$ 6,354,259	\$ 6,831,593	\$ 7,074,945	\$ 7,282,748	\$ 7,999,227	\$ 6,503,943
Contributions as a percentage covered-employee payroll	5.25%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.62%

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125 percent

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

CITY OF MANCHESTER, TENNESSEE

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset)
Teacher Retirement Plan of TCRS

Fiscal Year Ended June 30*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Manchester City Schools' proportion of the net pension liability (asset)	0.050259%	0.062277%	0.060186%	0.052857%	0.049303%	0.049381%	0.061223%	0.061940%
Manchester City Schools' proportionate share of the net pension liability (asset)	(\$2,022)	(\$6,483)	(\$15,879)	(\$23,972)	(\$27,831)	(\$28,080)	(\$66,317)	(\$18,763)
Manchester City Schools' covered payroll	\$104,427	\$247,023	\$446,187	\$461,909	\$521,716	\$623,156	\$883,578	\$1,057,742
Manchester City Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.94%	(-2.37%)	-3.56%	-5.19%	-5.33%	-4.51%	-7.51%	-1.77%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.

The information in this schedule is not required to be presented retroactively prior to the implementation date.

Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

CITY OF MANCHESTER, TENNESSEE

Required Supplementary Information

Schedule of Contributions
Teacher Retirement Plan of TCRS

Fiscal Year ending June 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually Determined Contribution	\$ 4,177	\$ 6,859	\$ 15,801	\$ 7,533	\$ 10,121	\$ 12,650	\$ 17,848	\$ 21,261	\$ 54,933
Contribution in relation to the actuarially determined contribution	4,177	10,961	15,801	18,476	10,121	12,650	17,848	21,261	54,933
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (4,102)</u>	<u>\$ -</u>	<u>\$ (10,943)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Manchester City Schools' covered payroll	\$ 104,427	\$ 247,023	\$ 446,187	\$ 461,909	\$ 521,716	\$ 623,156	\$ 883,578	\$ 1,057,742	\$ 1,376,372
Contributions as a percentage of Manchester City Schools' covered payroll	4.00%	4.00%	3.54%	4.00%	1.94%	2.03%	2.02%	2.01%	3.99%

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

CITY OF MANCHESTER, TENNESSEE

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Teacher Legacy Pension Plan of TCRS

Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Manchester City School's proportion of the net pension liability (asset)	\$ (28,669)	\$ 75,665	\$ 1,099,287	\$ (60,213)	\$ (668,132)	\$ (1,994,161)	\$ (1,514,420)	\$ (8,923,706)	\$ (2,723,178)
Manchester City School's proportionate share of the net pension liability (asset)	0.176430%	0.184713%	0.175901%	0.184037%	0.189869%	0.193951%	0.198593%	0.206891%	0.222046%
Manchester City School's covered payroll	\$ 6,924,855	\$ 6,914,728	\$ 6,349,698	\$ 6,454,473	\$ 6,648,576	\$ 6,503,432	\$ 6,609,690	\$ 6,790,512	\$ 7,307,378
Manchester City School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.414002%	1.094253%	17.31%	-0.93%	10.05%	-30.66%	-22.91%	-131.41%	-37.27%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

CITY OF MANCHESTER, TENNESSEE

Required Supplementary Information

Schedule of Contributions
Teacher Legacy Pension Plan of TCRS

Fiscal Year June 30 Ended

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required	\$ 614,927	\$ 625,091	\$ 574,012	\$ 588,109	\$ 603,691	\$ 680,260	\$ 702,611	\$ 697,386	\$ 752,660	\$ 633,604
Contribution in relation to the contractually required contribution	614,927	625,091	574,012	588,109	603,691	680,260	702,611	697,386	752,660	633,604
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Manchester City School's covered payroll	\$ 6,924,857	\$ 6,914,728	\$ 6,349,698	\$ 6,454,473	\$ 6,648,576	\$ 6,503,432	\$ 6,609,690	\$ 6,790,512	\$ 7,307,378	\$ 7,291,179
Contributions as a percentage of Manchester City School's covered payroll	8.88%	9.04%	9.04%	9.11%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%

* GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68.

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Please refer to previously supplied data from the TCRS GASB 68 website for prior year's data, if needed.

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

OTHER SUPPLEMENTARY INFORMATION

City of Manchester, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds							Capital Projects		Total Nonmajor Governmental Funds
	Recreation	Tourism and Community Development	School Federal Projects	Central Cafeteria	Sanitation	Drug Control	Internal School	Capital Equipment Replacement	Education Capital Projects	
ASSETS										
Investment in pooled cash	\$ 2,478,575	\$ 416,334	\$ 7,374	\$ 1,039,595	\$ 823,373	\$ 399,250	\$ -	\$ 857,680	\$ 477	\$ 6,022,658
Cash	149,417	-	-	-	-	-	260,870	-	-	410,287
Accounts receivable, net	71,246	19,496	-	-	-	7,009	-	-	-	97,751
Grants receivable	2,095	-	-	-	-	-	-	-	-	2,095
Due from other governments	-	-	166,839	-	-	6,115	-	-	-	172,954
Due from other funds	-	-	-	-	86,388	-	-	-	-	86,388
Inventories	-	-	-	17,261	-	-	-	-	-	17,261
Total Assets	<u>\$ 2,701,333</u>	<u>\$ 435,830</u>	<u>\$ 174,213</u>	<u>\$ 1,056,856</u>	<u>\$ 909,761</u>	<u>\$ 412,374</u>	<u>\$ 260,870</u>	<u>\$ 857,680</u>	<u>\$ 477</u>	<u>\$ 6,809,394</u>
LIABILITIES										
Accounts Payable and accrued liabilities	\$ 58,245	\$ 1,130	\$ 750	\$ 1,094	\$ 80,951	\$ -	\$ -	\$ -	\$ -	\$ 142,170
Accrued Payroll	43,728	-	39,414	-	3,883	-	-	-	-	87,025
Other Payables	782	-	-	-	-	36,171	-	-	-	36,953
Judgements payable	46,500	-	-	-	-	-	-	-	-	46,500
Due to other funds	38,266	-	-	-	-	-	-	-	-	38,266
Unearned Revenues	65,221	-	-	-	-	-	-	-	-	65,221
Total Liabilities	<u>\$ 252,742</u>	<u>\$ 1,130</u>	<u>\$ 40,164</u>	<u>\$ 1,094</u>	<u>\$ 84,834</u>	<u>\$ 36,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 416,135</u>
FUND BALANCES										
Nonspendable	\$ -	\$ -	\$ -	\$ 17,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,261
Restricted	-	-	134,049	1,038,501	-	376,203	260,870	-	-	1,809,623
Assigned	2,448,591	434,700	-	-	824,927	-	-	857,680	477	4,566,375
Total Fund Balances	<u>2,448,591</u>	<u>434,700</u>	<u>134,049</u>	<u>1,055,762</u>	<u>824,927</u>	<u>376,203</u>	<u>260,870</u>	<u>857,680</u>	<u>477</u>	<u>6,393,259</u>
Total Liabilities and Fund Balances	<u>\$ 2,701,333</u>	<u>\$ 435,830</u>	<u>\$ 174,213</u>	<u>\$ 1,056,856</u>	<u>\$ 909,761</u>	<u>\$ 412,374</u>	<u>\$ 260,870</u>	<u>\$ 857,680</u>	<u>\$ 477</u>	<u>\$ 6,809,394</u>

City of Manchester, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds						Capital Projects		Total Nonmajor Governmental Funds
	Recreation	Tourism and Community Development	School Federal Projects	Central Cafeteria	Sanitation	Drug Control	Internal School	Capital Equipment Replacement	
Revenues-									
Local Taxes	\$ 257,379	\$ 128,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 386,022
Charges for services	974,531	-	-	198,807	1,413,339	-	-	-	2,586,677
Fines and forfeitures	-	-	-	-	-	22,459	-	-	22,459
Other local revenues	-	-	-	-	-	1,588	264,409	-	265,997
Federal and State Grants	2,095	6,885	3,192,993	1,082,544	-	-	-	-	4,284,517
Investment earnings	-	-	-	1,792	-	-	-	-	1,792
Miscellaneous and contribution income	31,448	-	-	11,410	200	-	-	-	43,058
Total Revenues	\$ 1,265,453	\$ 135,528	\$ 3,192,993	\$ 1,294,553	\$ 1,413,539	\$ 24,047	\$ 264,409	\$ -	\$ 7,590,522
Expenditures-									
Public Safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,154	\$ -	\$ 74,967	\$ 163,121
Public Works	-	-	-	-	1,391,555	-	-	100,463	1,492,018
Health, welfare, and recreation	2,151,423	-	-	-	-	-	-	33,474	2,184,897
Economic development and assistance	-	68,610	-	-	-	-	-	-	68,610
Education	-	-	3,195,070	1,209,442	-	-	258,396	-	4,662,908
Debt Service	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 2,151,423	\$ 68,610	\$ 3,195,070	\$ 1,209,442	\$ 1,391,555	\$ 88,154	\$ 258,396	\$ 208,904	\$ 8,571,554
Excess (Deficiency) of Revenues Over (Under) Expenditures	(885,970)	66,918	(2,077)	85,111	21,984	(64,107)	6,013	(208,904)	-
Other Financing Sources (Uses)									
Insurance recoveries	\$ 143,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,333	\$ 191,715
Sale of Capital Assets	-	-	-	1,500	-	7,075	-	22,557	31,132
Transfers in (out)	1,991,398	-	-	-	100,000	-	-	603,886	2,695,284
Total Other Financing Sources (Uses)	\$ 2,134,780	\$ -	\$ -	\$ 1,500	\$ 100,000	\$ 7,075	\$ -	\$ 674,776	\$ 2,918,131
NET CHANGE IN FUND BALANCES	\$ 1,248,810	\$ 66,918	\$ (2,077)	\$ 86,611	\$ 121,984	\$ (57,032)	\$ 6,013	\$ 465,872	\$ 1,937,099
FUND BALANCES - BEGINNING	1,199,781	367,782	136,126	969,151	702,943	433,235	254,857	315,172	4,379,524
Prior period adjustment (Note 12)	-	-	-	-	-	-	-	76,636	76,636
Fund Balances - beginning as restated	1,199,781	367,782	136,126	969,151	702,943	433,235	254,857	391,808	4,456,160
FUND BALANCES - ENDING	\$ 2,448,591	\$ 434,700	\$ 134,049	\$ 1,055,762	\$ 824,927	\$ 376,203	\$ 260,870	\$ 857,680	\$ 6,393,259

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Recreation Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Local taxes	\$ 250,000	\$ 250,000	\$ 257,379	\$ 7,379
Charges for services	920,100	1,011,100	974,531	(36,569)
Federal and state grants	750,000	16,500	2,095	(14,405)
Miscellaneous and contribution income	22,500	23,200	31,448	8,248
Total Revenues	1,942,600	1,300,800	1,265,453	(35,347)
EXPENDITURES				
<u>Health, Welfare, and Recreation</u>				
Recreation Administration				
Personnel expenditures	231,065	242,497	219,803	22,694
Contractual services	9,000	9,000	6,212	2,788
Supplies	7,000	5,342	1,859	3,483
Total recreation administration	247,065	256,839	227,874	28,965
Recreation Centers				
Personnel expenditures	679,845	744,230	696,128	48,102
Contractual services	519,100	841,466	661,395	180,071
Supplies	119,600	278,313	159,627	118,686
Fixed charges	33,500	34,000	29,604	4,396
Capital Outlay	-	1,154,170	14,035	1,140,135
Total recreation centers	1,352,045	3,052,179	1,560,789	1,491,390
Parks				
Personnel expenditures	238,375	199,963	150,589	49,374
Contractual services	138,000	143,000	128,157	14,843
Supplies	80,500	82,000	63,776	18,224
Fixed charges	12,500	12,500	9,249	3,251
Capital Outlay	1,500,000	42,095	10,989	31,106
Total parks	1,969,375	479,558	362,760	116,798
Total Expenditures	3,568,485	3,788,576	2,151,423	1,637,153
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,625,885)	(2,487,776)	(885,970)	(1,672,500)
Other Financing Sources (Uses)				
Insurance recoveries	-	-	143,382	(143,382)
Transfers in (out)	1,340,000	1,976,450	1,991,398	(14,948)
Total Other Financing Sources (Uses)	1,340,000	1,976,450	2,134,780	(158,330)
Net change in fund balances	\$ (285,885)	\$ (511,326)	1,248,810	\$ (1,830,830)
Fund Balances - beginning			1,199,781	
Fund Balances - end			\$ 2,448,591	

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Tourism and Community Development Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Local taxes	\$ 80,000	\$ 80,000	\$ 128,643	\$ 48,643
Federal and state grants	-	-	6,885	6,885
Total Revenues	<u>80,000</u>	<u>80,000</u>	<u>135,528</u>	<u>55,528</u>
EXPENDITURES				
<u>Economic Development and Assistance</u>				
<u>Tourism and Community Development</u>				
Personnel expenditures	4,000	2,081	2,081	-
Contractual services	95,000	97,819	65,935	31,884
Supplies	1,000	100	594	(494)
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>68,610</u>	<u>31,390</u>
Net change in fund balances	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	66,918	<u>\$ 24,138</u>
Fund Balances - beginning			<u>367,782</u>	
Fund Balances - end			<u>\$ 434,700</u>	

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
School Federal Projects
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Federal and state grants	\$ 3,557,480	\$ 3,841,620	\$ 3,192,993	\$ (648,627)
Total Revenues	<u>3,557,480</u>	<u>3,841,620</u>	<u>3,192,993</u>	<u>(648,627)</u>
EXPENDITURES				
<u>Instruction</u>				
Regular instruction	1,144,773	1,193,305	998,663	194,642
Special education	556,559	596,247	453,278	142,969
<u>Support Services</u>				
Other student support	55,792	106,471	103,851	2,620
Regular instruction	289,049	405,829	415,839	(10,010)
Special education	138,283	149,275	26,965	122,310
Transportation	8,635	8,635	6,139	2,496
Community service	322,448	322,448	129,173	193,275
Capital Outlay	1,041,941	1,061,490	1,061,162	328
Total Expenditures	<u>3,557,480</u>	<u>3,843,700</u>	<u>3,195,070</u>	<u>648,630</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	-	(2,080)	(2,077)	(1,297,257)
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,080)</u>	<u>(2,077)</u>	<u>\$ (1,297,257)</u>
Fund Balances - beginning			<u>136,126</u>	
Fund Balances - end			<u>\$ 134,049</u>	

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Central Cafeteria Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 208,281	\$ 208,281	\$ 198,807	\$ (9,474)
Federal and state grants	1,136,713	1,344,247	1,082,544	(261,703)
Investment earnings	504	504	1,792	1,288
Miscellaneous and contribution income	801	7,801	11,410	3,609
Total Revenues	<u>1,346,299</u>	<u>1,560,833</u>	<u>1,294,553</u>	<u>(266,280)</u>
EXPENDITURES				
<u>Operation of Non-instructional Services</u>				
Food service	<u>1,346,299</u>	<u>1,560,833</u>	<u>1,209,442</u>	<u>351,391</u>
Total Expenditures	<u>1,346,299</u>	<u>1,560,833</u>	<u>1,209,442</u>	<u>351,391</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	85,111	(617,671)
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	1,500	(1,500)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>(1,500)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	86,611	<u>\$ (619,171)</u>
Fund Balances - beginning			<u>969,151</u>	
Fund Balances - end			<u>\$ 1,055,762</u>	

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Sanitation Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Charges for services	\$ 1,159,000	\$ 1,159,000	\$ 1,413,339	\$ 254,339
Miscellaneous and contribution income	-	-	200	200
Total Revenues	<u>1,159,000</u>	<u>1,159,000</u>	<u>1,413,539</u>	<u>254,539</u>
EXPENDITURES				
Public Works				
Personnel expenditures	437,770	455,670	337,721	117,949
Contractual services	982,000	982,000	1,022,577	(40,577)
Supplies	46,000	46,000	28,184	17,816
Fixed Charges	3,000	3,000	3,073	(73)
Total Expenditures	<u>1,468,770</u>	<u>1,486,670</u>	<u>1,391,555</u>	<u>95,115</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(309,770)	(327,670)	21,984	159,424
Other Financing Sources (Uses)				
Transfers in (out)	100,000	100,000	100,000	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (209,770)</u>	<u>\$ (227,670)</u>	121,984	<u>\$ 159,424</u>
Fund Balances - beginning			<u>702,943</u>	
Fund Balances - end			<u>\$ 824,927</u>	

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Drug Control Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 22,459	\$ (27,541)
Other Local Revenues	60,000	60,000	1,588	(58,412)
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>24,047</u>	<u>(85,953)</u>
EXPENDITURES				
<u>Public Safety</u>				
Personnel expenditures	12,325	12,325	5,808	6,517
Contractual services	14,200	14,200	4,060	10,140
Supplies	71,000	71,000	6,224	64,776
Capital Outlay	121,000	121,000	72,062	48,938
Total Expenditures	<u>218,525</u>	<u>218,525</u>	<u>88,154</u>	<u>130,371</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(108,525)	(108,525)	(64,107)	(216,324)
Other Financing Sources (Uses)				
Sale of Capital Assets	70,000	70,000	7,075	62,925
Total Other Financing Sources (Uses)	<u>70,000</u>	<u>70,000</u>	<u>7,075</u>	<u>62,925</u>
Net change in fund balances	<u>\$ (38,525)</u>	<u>\$ (38,525)</u>	(57,032)	<u>\$ (153,399)</u>
Fund Balances - beginning			<u>433,235</u>	
Fund Balances - end			<u>\$ 376,203</u>	

City of Manchester, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Equipment Replacement Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Miscellaneous and contribution income	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
<u>Public Safety</u>				
Police - capital outlay	-	20,157	20,157	-
Fire - capital outlay	-	174,796	54,810	119,986
<u>Public Works</u>				
Public Works - capital outlay	475,000	475,000	100,463	374,537
<u>Recreation</u>				
Recreation center - capital outlay	8,900	20,474	20,474	-
Park areas - capital outlay	-	25,130	13,000	12,130
Total Expenditures	<u>483,900</u>	<u>715,557</u>	<u>208,904</u>	<u>506,653</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(483,900)	(715,557)	(208,904)	(506,653)
Insurance recoveries	-	-	48,333	(48,333)
Sale of Capital Assets	-	-	22,557	(22,557)
Transfers in (out)	483,900	603,886	603,886	-
Total Other Financing Sources (Uses)	<u>483,900</u>	<u>603,886</u>	<u>674,776</u>	<u>(70,890)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (111,671)</u>	465,872	<u>\$ (577,543)</u>
Fund Balances - beginning			<u>315,172</u>	
Prior period adjustment (Note X)			<u>76,636</u>	
Fund Balances - beginning as restated			<u>391,808</u>	
Fund Balances - end			<u>\$ 857,680</u>	

OTHER INFORMATION

CITY OF MANCHESTER, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS

June 30, 2023

	<u>2022-2023</u>		<u>2021-2022</u>		<u>2020-2021</u>		<u>2019-2020</u>		<u>2018-2019</u>		<u>2017-2018</u>		<u>2016-2017</u>		<u>2015-2016</u>		<u>2014-2015</u>	
	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>	<u>Water</u>	<u>Sewer</u>
<u>Within Corporate Limits</u>																		
Up to and including 2,000 gallons	\$ 8.86	\$ 11.14	\$ 8.86	\$ 11.14	\$ 8.86	\$ 11.14	\$ 8.86	\$ 11.14	\$ 8.86	\$ 11.14	\$ 8.60	\$ 10.82	\$ 8.60	\$ 10.82	\$ 8.60	\$ 10.82	\$ 8.60	\$ 10.82
Next 98,000 gallons per 1,000 gallons	\$ 4.43	\$ 5.57	\$ 4.43	\$ 5.57	\$ 4.43	\$ 5.57	\$ 4.43	\$ 5.57	\$ 4.43	\$ 5.57	\$ 4.30	\$ 5.41	\$ 4.30	\$ 5.41	\$ 4.30	\$ 5.41	\$ 4.30	\$ 5.41
All over the next 100,000 gallons per 1,000 gallons	\$ 3.52	\$ 4.43	\$ 3.52	\$ 4.43	\$ 3.52	\$ 4.43	\$ 3.52	\$ 4.43	\$ 3.52	\$ 4.43	\$ 3.42	\$ 4.30	\$ 3.42	\$ 4.30	\$ 3.42	\$ 4.30	\$ 3.42	\$ 4.30
Unmetered Residential Customers		\$ 26.51		\$ 26.51		\$ 26.51		\$ 26.51		\$ 26.51		\$ 25.74		\$ 25.74		\$ 25.74		\$ 25.74
<u>Outside Corporate Limits</u>																		
One and one-half times inside rate - Industrial																		
Two times inside rate - Residential and Commercial																		
<u>Number of Customers</u>																		
Total	8,364	5,767	8,069	5,517	7,893	5,380	7,278	5,092	7,478	5,091	6,922	4,783	7,070	4,836	7,070	4,836	6,985	4,778

See Independent Auditor's Report.

CITY OF MANCHESTER, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL ACTIVITIES

June 30, 2023

Year Ending June 30,	General Obligation Refunding Bond Series 2020A		General Obligation Bond Series 2020B		Energy Efficient Schools Initiative Capital Outlay Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2024	820,000	441,450	100,000	39,400	48,096	2,304	968,096
2025	845,000	416,850	100,000	36,400	48,336	2,064	993,336	455,314
2026	865,000	391,500	100,000	33,400	48,576	1,824	1,013,576	426,724
2027	885,000	365,550	100,000	30,400	48,816	1,584	1,033,816	397,534
2028	910,000	339,000	100,000	27,400	49,068	1,332	1,059,068	367,732
2029	935,000	311,700	100,000	24,400	49,308	1,092	1,084,308	337,192
2030	960,000	283,650	100,000	23,400	49,560	840	1,109,560	307,890
2031	955,000	254,850	100,000	22,400	49,800	600	1,104,800	277,850
2032	975,000	226,200	100,000	21,200	50,052	348	1,125,052	247,748
2033	1,000,000	196,950	100,000	20,000	46,097	82	1,146,097	217,032
2034	1,045,000	166,950	100,000	18,800	-	-	1,145,000	185,750
2035	1,085,000	135,600	100,000	17,600	-	-	1,185,000	153,200
2036	1,100,000	103,050	100,000	16,400	-	-	1,200,000	119,450
2037	1,160,000	70,050	100,000	15,200	-	-	1,260,000	85,250
2038	1,175,000	35,250	100,000	14,000	-	-	1,275,000	49,250
2039	800,000	-	100,000	12,000	-	-	900,000	12,000
2040	-	-	100,000	10,000	-	-	100,000	10,000
2041	-	-	100,000	8,000	-	-	100,000	8,000
2042	-	-	100,000	6,000	-	-	100,000	6,000
2043	-	-	100,000	4,000	-	-	100,000	4,000
2044	-	-	100,000	2,000	-	-	100,000	2,000
Total	\$ 15,515,000	\$ 3,738,600	\$ 2,100,000	\$ 402,400	\$ 487,709	\$ 12,070	\$ 18,102,709	\$ 4,153,070

See Independent Auditor's Report.

**CITY OF MANCHESTER, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
BUSINESS-TYPE ACTIVITIES**

June 30, 2023

Year Ending June 30,	General Obligation		General Obligation		Local Government Public Improvement Bonds Series 2017 Z-1-DRUC		Water & Sewer Revenue & Tax Revenue & Tax Refunding GO Bonds Series 2021B-DRUC		Total	
	Refunding Bonds, Series 2017		Refunding Bonds, Series 2021A		Principal	Interest	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest						
2024	705,000	87,800	730,000	160,313	25,000	88,662	430,000	59,650	1,890,000	396,425
2025	705,000	74,400	655,000	145,713	25,000	88,163	440,000	50,950	1,825,000	359,226
2026	715,000	60,300	575,000	132,613	25,000	87,663	450,000	42,050	1,765,000	322,626
2027	740,000	46,200	560,000	121,113	25,000	87,163	455,000	33,000	1,780,000	287,476
2028	760,000	31,900	515,000	109,913	25,000	86,661	465,000	23,800	1,765,000	252,274
2029	-	17,100	700,000	99,613	25,000	86,100	475,000	14,400	1,200,000	217,213
2030	-	-	700,000	85,613	25,000	85,350	480,000	7,250	1,205,000	178,213
2031	-	-	695,000	71,613	25,000	84,600	485,000	2,425	1,205,000	158,638
2032	-	-	665,000	57,713	395,000	83,850	-	-	1,060,000	141,563
2033	-	-	660,000	49,400	400,000	72,000	-	-	1,060,000	121,400
2034	-	-	460,000	36,200	400,000	60,000	-	-	860,000	96,200
2035	-	-	460,000	27,000	400,000	48,000	-	-	860,000	75,000
2036	-	-	445,000	17,800	400,000	36,000	-	-	845,000	53,800
2037	-	-	445,000	8,900	400,000	24,000	-	-	845,000	32,900
2038	-	-	-	-	400,000	12,000	-	-	400,000	12,000
Total	\$ 3,625,000	\$ 317,700	\$ 8,265,000	\$ 1,123,517	\$ 2,995,000	\$ 1,030,212	\$ 3,680,000	\$ 233,525	\$ 18,565,000	\$ 2,704,954

See Independent Auditor's Report.

CITY OF MANCHESTER, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2023
<u>Governmental Activities</u>								
<u>CAPITALIZED LEASES</u>								
Recreation Cardio Equipment Lease	\$ 60,156	0.00%	2021	2024	\$ 40,104	\$ -	\$ (12,326)	\$ 27,778
Total Capitalized Leases					<u>\$ 40,104</u>	<u>\$ -</u>	<u>\$ (12,326)</u>	<u>\$ 27,778</u>
<u>CAPITAL OUTLAY NOTE</u>								
Energy Efficient for Schools	\$ 610,502	0.50%	2020	2033	\$ 535,565	\$ -	\$ (47,856)	\$ 487,709
Total Capital Outlay					<u>\$ 535,565</u>	<u>\$ -</u>	<u>\$ (47,856)</u>	<u>\$ 487,709</u>
<u>BONDS PAYABLE</u>								
General Obligation Refunding Bonds Series 2020A	\$ 17,115,000	3.00%	2020	2039	\$ 16,315,000	\$ -	\$ (800,000)	\$ 15,515,000
General Obligation Bonds Series 2020B	\$ 2,245,000	1.78%	2020	2044	2,190,000	-	(90,000)	2,100,000
Total Bonds Payable					<u>\$ 18,505,000</u>	<u>\$ -</u>	<u>\$ (890,000)</u>	<u>\$ 17,615,000</u>
<u>Business-Type Activities</u>								
<u>BONDS PAYABLE</u>								
GO Refunding Bonds, Series 2017	\$ 8,870,000	2.32%	2017	2028	\$ 4,295,000	\$ -	\$ (670,000)	\$ 3,625,000
General Obligation Refunding Bond, Series 2021A	\$ 9,510,000	2.00%	2022	2037	9,000,000	-	(735,000)	8,265,000
Total Bonds Payable					<u>\$ 13,295,000</u>	<u>\$ -</u>	<u>\$ (1,405,000)</u>	<u>\$ 11,890,000</u>
<u>OTHER LOAN PAYABLE</u>								
Public Building Authority of Coffee County, TN Series 2016A DRUC	\$ 9,180,000	4.74%	2016	2038	\$ 3,020,000	\$ -	\$ (25,000)	\$ 2,995,000
Public Building Authority of Coffee County, TN Series 2021B DRUC	\$ 4,100,000	2.00%	2022	2031	4,100,000	-	(420,000)	3,680,000
Total Other Loans Payable					<u>\$ 7,120,000</u>	<u>\$ -</u>	<u>\$ (445,000)</u>	<u>\$ 6,675,000</u>

CITY OF MANCHESTER, TENNESSEE
SCHEDULE OF ASSESSED PROPOERTY TAX VALUES,
PROPERTY TAX RATES AND CHANGES IN PROPERTY TAXES RECEIVABLE

For the year ended June 30, 2023

Tax Year	Tax Rate	Assessed Value	Original Levy	Balance July 1, 2022	Property Tax Levied	Abatements and Adjustments	Collections	Gross Receivable Balance June 30, 2023
2023				\$ -	\$ 5,352,947	\$ -	\$ -	\$ 5,352,947
2022	1.5221	339,392,812	4,987,997	4,987,997	-	89,969	(4,917,432)	160,534
2021	1.9316	257,969,197	4,982,933	154,503	-	1,121	(72,189)	83,435
2020	1.9316	237,401,977	4,696,366	54,861	-	1,062	(16,400)	39,523
2019	2.2999	237,401,977	4,933,336	13,971	-	-	(6,046)	7,925
2018	2.2999	238,463,091	4,845,752	10,613	-	-	(3,004)	7,609
2017	2.2999	210,695,655	4,725,424	7,729	-	-	(614)	7,115
2016	2.2999	205,498,253	4,648,498	8,433	-	-	-	8,433
2015	2.2999	202,117,409	4,607,596	5,227	-	-	-	5,227
2014 and Before				13,838	-	(11,491)	-	2,347
Total				<u>\$ 5,257,172</u>	<u>\$ 5,352,947</u>	<u>\$ 80,661</u>	<u>\$ (5,015,685)</u>	<u>\$ 5,675,095</u>
							Less: allowance for Doubtful Accounts	31,779
							Net Property Taxes Receivable	<u>\$ 5,643,316</u>

NOTES: All uncollected taxes for years prior to 2020 were turned over to the Clerk and Master for collection

**CITY OF MANCHESTER, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS**

For the year ended June 30, 2023

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2023
<u>LEASE PAYABLE</u>								
Recreation Cardio Equipment Lease	\$ 60,156	0.00%	11/4/2021	11/4/2024	\$ 40,104	\$ -	\$ (12,326)	\$ 27,778
					\$ 40,104	\$ -	\$ (12,326)	\$ 27,778

See Independent Auditor's Report.

SINGLE AUDIT SECTION

CITY OF MANCHESTER, TENNESSEE

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Contract Number	Expenditures
U.S. Department of Education			
Passed through Tennessee Department of Education			
Special Education (IDEA)- Cluster:			
IDEA, Part B	* 84.027	23--161000	\$ 478,202
IDEA, Preschool	* 84.173	23--161000	70,026
Total Special Education (IDEA)- Cluster			548,228
Department of Education Pass-Through			
Programs From:			
Title I, Part A	84.010 A	23-572-161000	476,004
Title II, Part A	84.367 A	23--161000	130,986
Title III, Part A	84.365 A	23--161000	31,151
Title V, Part A	84.358 A	23--161000	42,037
21st Century Community Learning Centers Grant	84.287	N/A	322,448
COVID 19 - Education Stabilization Fund -Elementary and Secondary School Emergency Relief Fund:			
Elementary and Secondary School Emergency Relief 2.0	* 84.425		509,986
Elementary and Secondary School Emergency Relief 3.0	* 84.425		1,231,629
Elementary and Secondary School Emergency Relief Planning Grant	* 84.425		1,250
Total COVID 19 - Education Stabilization Fund -Elementary and Secondary School Emergency Relief Fund			1,742,865
Total Department of Education			3,293,719
U.S. Department of Agriculture			
Passed through Tennessee Department of Education			
Child Nutrition- Cluster			
National School Breakfast Program	10.553		176,454
National School Lunch Program	10.555		599,274
Summer Food Service Program - Lunch	10.559		26,835
Passed through Tennessee Department of Agriculture			
Commodity Supplemental Food Program	10.565		83,019
Total Department of Agriculture			885,582
U.S. Department of Transportation			
Passed through Tennessee Department of Transportation			
Highway and Planning Construction - Widening	20.205	16951-1572-54	849
Alcohol Open Container Requirements	20.607	Z22THS175	5,788
Alcohol Open Container Requirements	20.607	Z23THS166	20,650
Total Department of Transportation			27,287
Appalachian Regional Commission			
Passed through Tennessee Department of Economic & Community Development			
Appalachian Regional Commission (ARC) Grant	23.002	N/A	10,148
U.S. Department of Health and Human Services			
Passed through Tennessee Department of Education			
Epidemiology & Laboratory Capacity (ELC)	93.323	N/A	134,249
U.S. Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds			
	21.027	N/A	258,333
U.S. Department of Justice			
Bulletproof Vest Partnership			
	16.607	N/A	2,688
Public Safety Partnership & Community Policing			
	16.710	N/A	70,160
Total Expenditures of Federal Awards			\$ 4,682,166
State Awards			
Tennessee Department of Education			
TN ALL Corps Grant	N/A	N/A	\$ 154,755
Best for All District Grant	N/A	N/A	39,821
Math Implementation Support Grant	N/A	N/A	71,250
Early Literacy Networks Grant	N/A	N/A	40,125
Early Reading Training Grant	N/A	N/A	6,000
Summer Learning Camps	N/A	N/A	234,464
USDA Equipment Grant	N/A	N/A	72,591
Coordinated School Health Grant	N/A	N/A	81,000
Family Resource Center Grant	N/A	N/A	59,223
Child Nutrition - State Match	N/A	N/A	108,876
Lottery for Education: Afterschool Programs	N/A	N/A	1,077,656
Safe Schools Act	N/A	N/A	32,230
Total Expenditures of State Awards			\$ 1,977,991
Total Expenditures of Federal and State Awards			\$ 6,660,157

* Major Program

See Independent Auditor's Report and Notes to the Schedule of Expenditures of Federal Awards.

CITY OF MANCHESTER, TENNESSEE

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

1.) Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state financial assistance activity of the City under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

2.) Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3.) Indirect Cost Rates

The City has elected not to use 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Board of Aldermen
City of Manchester, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of The City of Manchester, Tennessee (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise The City of Manchester, Tennessee's basic financial statements, and have issued our report thereon dated November 12, 2024. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The City of Manchester, Tennessee's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The City of Manchester, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of The City of Manchester, Tennessee's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City of Manchester, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as 2023-001.

City of Manchester, Tennessee's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Manchester, Tennessee's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Manchester, Tennessee's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Matlock Clements, P.C.
Murfreesboro, Tennessee
November 12, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Board of Alderman
City of Manchester, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Manchester, Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Manchester, Tennessee's major federal programs for the year ended June 30, 2023. The City of Manchester, Tennessee's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Manchester, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Manchester, Tennessee and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Manchester, Tennessee's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Manchester, Tennessee's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Manchester, Tennessee's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Manchester, Tennessee's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Manchester, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Manchester, Tennessee's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Manchester, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Matlock Clements, P.C.
November 12, 2024

CITY OF MANCHESTER, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

I. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major federal programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

- FAL # 84.027 IDEA Part B
- FAL # 84.173 IDEA Preschool
- FAL # 84.425 COVID 19 – Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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II. Financial Statement Findings – Required to be reported in Accordance With Government Auditing Standards.

(2023-001 – Untimely Closing of Accounting Records)

Criteria:

Section 9-2-102, Tennessee Code Annotated requires all local governments to close their official accounting records and to have those records available for audit no later than two months after the close of their fiscal year.

Condition:

The City did not close its accounting records within two months of the end of the fiscal year.

CITY OF MANCHESTER, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

(2023-001 – Untimely Closing of Accounting Records)-(Continued)

Cause:

Oversight

Effect:

Non-Compliance with TCA.

Management Response:

We concur. See Corrective Action Plan

**III. Federal Award Findings – Required to be reported in Accordance
with 2 CFR 200.516(a) of the Uniform Guidance**

No matters were reported.

CITY OF MANCHESTER, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

I. Prior Year Financial Statement Findings – Required to be reported in Accordance with Government Auditing Standards.

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2022-001	Inadequate Controls over Valuing Water Department Inventory (Noncompliance) (original finding # 2022-001)	Corrected
2022-002	Debt for Schools Was Not Properly Recorded (Noncompliance) (original finding # 2022-002)	Corrected

II. Prior Year Federal Award Findings – Required to be reported in Accordance with 2 CFR 200.516(a) of the Uniform Guidance.

There were no prior findings reported.



**Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2023**

FINDINGS RELATING TO THE FINANCIAL STATEMENTS

2023-001: Untimely Closing of Accounting Records:

Criteria

Section 9-2-102, Tennessee Code Annotated requires all local governments to close their official accounting records and to have those records available for audit no later than two months after the close of their fiscal year.

Condition:

The City of Manchester did not close its accounting records within two months of the end of the fiscal year.

Cause: Turnover in the Finance Director position caused a lack of oversight in the Finance Department's processes.

Recommendation: City management needs to stabilize departmental leadership and proper oversight to financial processes restored.

Action Taken: The City understands that the law requires that municipalities maintain adequate financial oversight. A new Finance Director has already been hired as of April 29, 2024. Proper management oversight has been restored and a full review of internal controls has been implemented.

Name of Contact Person: Anthony Burrows, Finance Director

Anticipated Completion Date: October 30, 2024

Sincerely,

Anthony Burrows

Anthony Burrows
Finance Director
City of Manchester
931-728-4652 Ext. 1300